COMMONWEALTH OF

Virginia

JUNE 30, 1982

ANNUAL REPORT OF THE COMPTROLLER

Commonwealth of Virginia

Annual Report of the Comptroller to the Governor of Virginia for the Fiscal Year Ended June 30, 1982

Charles S. Robb
Governor

Wayne F. Anderson
Secretary of Administration and Finance

Edward J. Mazur
Comptroller

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November 15, 1982

Edward J. Mazur, C.P.A.
Comptroller

P.O. Box 6-N
Richmond, Virginia 23215

The Honorable Charles S. Robb
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia

Dear Governor Robb:

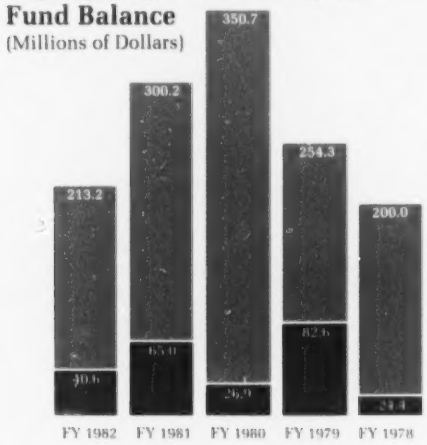
In compliance with the provisions of Section 2.1-207 of the Code of Virginia 1950, as amended, I hereby submit my report on the financial condition of the Commonwealth of Virginia for the fiscal year ended June 30, 1982. The Combined Financial Statements included in the comprehensive annual financial report have been prepared in conformance with generally accepted accounting principles, except as disclosed in the notes to the financial statements. Additional information in this year's report, as presented in the Combining and Individual Funds Statements, represents our further progress toward reporting in complete conformity with the stringent standards established by the American Institute of Certified Public Accountants, the National Council on Governmental Accounting, and the Municipal Finance Officers' Association. Based on the current status of accounting and financial reporting in the Commonwealth, Virginia is in the forefront of states that are bringing their financial reporting into full compliance with governmental accounting standards. Our objective of maintaining a leadership role among other states in the financial reporting area is to ensure that the Commonwealth continues to maintain its reputation for sound fiscal management.

Management's Responsibilities

This report has been prepared by the Office of the Comptroller whose management is responsible for the integrity and objectivity of the financial statements and other information presented herein. The combined financial statements are based on generally accepted accounting principles and are considered by management to present fairly and consistently the State's financial position, results of operations, and changes in fund balances. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

The current economic atmosphere, the shifting of service responsibilities from the federal government to state and local governments, and the public demand for increased services, lower taxes, and improved accountability have all acted to strengthen management's personal commitment to ensure that the financial records of the Commonwealth conform to the highest existing standards of financial accountability. Further, continuing efforts are being made to enhance the Commonwealth's system of internal accounting controls in order to ensure that these controls provide reasonable assurance as to the accountability and protection of assets against loss. Such a system of internal accounting control should ensure that transactions are executed in accordance with management's authorization and provide reliable financial records for the preparation of financial statements. The combined financial statements have been examined by the Auditor of Public Accounts. Their examination was conducted in accordance with generally accepted auditing standards, and their opinion appears within this report.

Fig. 1 **General Fund Balance Highlighting The Undesignated Fund Balance**
(Millions of Dollars)



Financial Highlights

General Governmental Functions

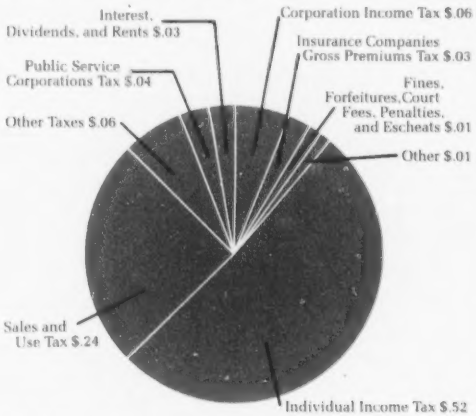
During this fiscal year, the Commonwealth continued to experience the effects of a soft economy, inflation, increased citizen demand for services and lower taxes, and the shifting of service responsibilities from the federal government to state governments. Through the combined efforts of the many people associated with State government, Virginia was able to meet these demands and carry forward a year-end General Fund balance available for appropriation of $40.6 million. This balance is a positive sign that efforts during the last half of the fiscal year to control State expenditures through the imposition of a hiring moratorium, the curtailment or elimination of certain capital outlay projects, and other administrative controls have had the desired effect.

While the State has managed to meet its obligations and responsibilities, it has done so at considerable cost. An analysis of the General Fund balance (Fig. 1) reveals that this balance has decreased from $350.7 million at June 30, 1980, to $213.2 million at June 30, 1982, with $87 million of the decrease attributable to the current year. This decrease was the result of efforts to fund programs which enabled the Commonwealth to better serve her citizens; however, it removes a portion of the amount available to absorb future, planned expenditures where anticipated revenues may fall short of expectations or where services not anticipated become necessary.

General Fund revenue (Fig. 3) for the year ended June 30, 1982, was $2,796 million, or 7.4% greater than the preceding year. The primary sources of this increase were a $157 million increase in Individual and Fiduciary Income Taxes and a $26 million increase in Sales and Use Taxes. Revenue for the current year was 1% over the budgeted amount. As Figure 3 indicates, anticipated General Fund revenues for the coming fiscal year are expected to be approximately $3,095 million, or 10.7% over fiscal 1982.

General Fund expenditures (Fig. 5) for the current year were $2,353 million, or 8.4% greater than the preceding year. The primary areas which comprise this increase were a $91 million increase in Administration of Justice expenditures, a $66 million increase in Individual and Family Services expenditures, and a $50 million increase in Education

Fig. 2 **Revenue Dollar**
GENERAL FUND FISCAL YEAR 1982


Interest, Dividends, and Rents $.03
Corporation Income Tax $.06
Insurance Companies Gross Premiums Tax $.03
Public Service Corporations Tax $.04
Fines, Forfeitures, Court Fees, Penalties, and Escheats $.01
Other Taxes $.06
Other $.01
Sales and Use Tax $.24
Individual Income Tax $.52

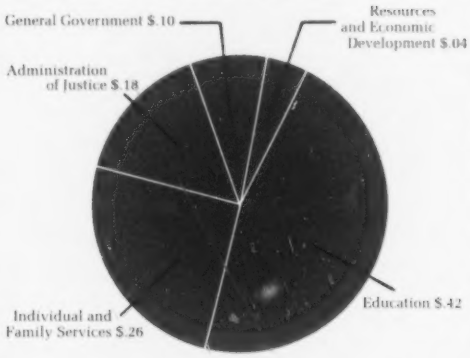
Individual Income Tax	$ .52
Sales and Use Tax	.24
Corporation Income Tax	.06
Public Service Corporations Tax	.04
Insurance Companies Gross Premiums Tax	.03
Other Taxes	.06
Interest, Dividends, and Rents	.03
Fines, Forfeitures, Court Fees, Penalties, and Escheats	.01
Other	.01
Total	$1.00

Fig. 3 **Schedule of General Fund Revenue**
For the Year Ended June 30, 1982
(Millions of Dollars)

	Actual			Budget		Projection	
	FY 1982 Actual	FY 1981 Actual	% FY 1982 Over (Under) FY 1981	FY 1982 Budget	% FY 1982 Over (Under) Budget	*FY 1983 Revenues Estimates	% FY 1983 Estimates Over (Under) FY 1982
Individual Income Taxes	$1,446	$1,289	12.2%	$1,470	(1.6)%	$1,682	16.3%
Sales and Use Taxes	671	645	4.0	691	(2.9)	721	7.5
Corporate Income Taxes	177	182	(2.7)	148	19.6	195	10.2
Public Service Corporations	105	104	1.0	99	6.1	119	13.3
Premiums of Insurance Companies	84	80	5.0	81	3.7	88	4.8
Other Taxes	174	167	4.2	157	10.8	173	(.6)
Other Revenues	139	136	2.2	122	13.9	117	(15.8)
Total Revenue	$2,796	$2,603	7.4%	$2,768	1.0%	$3,095	10.7%

*FY 1983 revenue estimates are from the 1982 Appropriations Act. Estimates are subject to revision by the Administration, with the approval of the General Assembly.

Fig. 4 **Expenditure Dollar**
GENERAL FUND FISCAL YEAR 1982



Education	$ .42
Individual and Family Services	.26
Administration of Justice	.18
General Government	.10
Resources and Economic Development	.04
Total	$1.00

Fig. 5 **General Fund Expenditures By Object**
(Millions of Dollars)

	FY 1982	FY 1981	% Increase (Decrease)	FY 1982 % of Total
Personal Services	$ 517	$ 461	12.1	22.0
Contracting Services	363	288	26.0	15.5
Supplies and Materials	68	64	6.3	2.9
Grants and Shared Revenues	1,283	1,233	4.1	54.5
Fixed Assets	18	15	20.0	.8
Current Charges and Obligations	26	28	(7.1)	1.1
Employer Benefits	76	84	(9.5)	3.2
Recoveries	(18)	(16)	(12.5)	(.8)
Loans and Bonds	5	6	(16.7)	.2
Other	15	7	114.3	.6
Total Expenditures	$ 2,353	$ 2,170	8.4	100.0

Fig. 6 **General Fund Expenditures By Function**
(Millions of Dollars)

	FY 1982	FY 1981	% Increase (Decrease)	FY 1982 % of Total
General Government	$ 241	$ 242	(.4)	10.2
Education	988	938	5.3	42.0
Transportation	8	43	(81.4)	.3
Resources and Economic Dev.	86	75	14.7	3.7
Individual and Family Services	609	543	12.2	25.9
Administration of Justice	416	325	28.0	17.7
Enterprises	5	4	25.0	.2
Total Expenditures	$ 2,353	$ 2,170	8.4	100.0

expenditures. The schedules show the General Fund expenditures by function (Fig. 5) and by object (Fig. 6).

As indicated above, General Fund revenues for the current fiscal year exceeded expenditures by $443 million. However, Other Financing Sources and Uses, including operating transfers to other funds, resulted in a net outflow of $530 million, which resulted in the planned usage of the beginning fund balance to absorb the $87 million difference. Uncertainty as to the impact of future federal budget cuts, as well as the full effect of the current shifting of responsibilities from the federal to the state level, require that the affairs of the Commonwealth continue to be managed in the same conservative and efficient manner that Virginians have come to expect of their government and that are essential for fiscal stability. Given the public's desire to limit tax burdens, government will be required to maximize the efficient use of resources to meet mandated service delivery commitments, as they are assumed from the federal government.

For informational purposes, Figures 2 and 7 present the composition of the revenue dollar for the General Fund and for all activities of the government, respectively. In a similar manner, Figures 4 and 8 present the composition of the expenditure dollar for the General Fund and for all activities of the government, respectively. These presentations are intended to provide a visual picture of the sources and uses of dollars received by Virginia government.

All Funds Combined

Governmental Fund Types and Expendable Trust Funds—On a combined basis, the governmental fund types and expendable trust funds contributed $16 million to the combined fund balance. Revenue increased 1.6% over the prior year, primarily as a result of increases in Tax revenues and Interest, Dividends, and Rent revenues all of which were offset substantially by a decrease in Federal Grants, Contracts, and Revenue-sharing revenues. Expenditures increased 1.4% over the prior year primarily as a result of increases in expenditures for Personal Services, Medical and Contractual Services, Rent, and Insurance offset substantially by a decrease in purchases of land, equipment, and other fixed assets.

All Proprietary Fund Types and Similar Trust Funds—On a combined basis, the proprietary fund types and similar trust funds contributed $341 million to retained earnings and fund balance. Operating revenues increased 9.6% over the prior year as a result of increases in Charges for Sales and Services and in Contributions to the Pension Trust. Operating expenses increased 8.9% primarily as a result of increases in the Cost of Services provided.

Higher Education Fund—In the Higher Education Fund, expenditures and other financing uses exceeded revenues and other financing sources by $5 million. Revenues increased 9.9% over the prior year primarily as a result of increases in Student Tuition and Patient Revenues. Expenditures increased 8.8% over the prior year primarily as a result of increases in expenditures for Instruction, Physical Health Services, and Administrative and Support Services. The $5 million gap between revenues and expenditures was primarily caused by the expenditure of funds borrowed in anticipation of permanent funding for certain construction projects and for amounts due from the federal government on reimbursement contracts.

Debt Administration

Virginia has always received excellent bond ratings from both Moody's Investors Service and Standard and Poor's Corporation, reflecting our long-standing record for sound fiscal management. The Commonwealth continues to hold down its issuance of long-term bonded debt by funding a large amount of capital outlay expenditures from General Fund revenues each fiscal year. The total of general obligation bonds outstanding at June 30, 1982, was only $239.7 million, and of that amount $122.9 million was being serviced from revenue-producing capital projects, primarily by fees and charges to students at State colleges and universities. Debt service and principal repayment on the balance, $116.8 million, will be funded from General Fund tax revenues. Principal and interest payments on this portion of the Commonwealth's bonded debt were only 1% of total General Fund expenditures in fiscal 1982.

During fiscal 1982, the Commonwealth issued $17.7 million in bonded debt. These bonds were rated "triple A" by both major rating agencies. In fiscal 1983, the Commonwealth expects to issue approximately $96.5 million in the tax-exempt bond markets. All of this debt will be self-supporting from specific revenue-producing projects operated by institutions of higher education or the Department of Highways and Transportation.

Financial Outlook

As noted earlier, the Commonwealth continues to experience the effects of a soft economy. Leading economic indicators reveal that the national economy is stalled at the bottom of the recession. Virginia, however, as a result of its diversified economic base, has managed to react well to the recession, in relation to the nation, and tends to be more insulated against the extreme effects of economic downturns that plague some states. Further, when compared to the national economy, Virginia government should be praised for its actions and fiscal responsibility, which have enabled the State to continue to provide services to its citizens without impairing its financial health. However, current national economic conditions require continued strong financial management through vigilance and control over State expenditures.

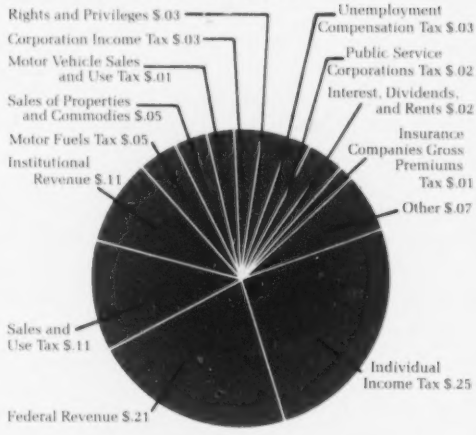
I take a great deal of pride in presenting you with this year's report on the financial condition of the Commonwealth of Virginia. This report reflects my commitment to you and to the citizens of the Commonwealth to bring our financial records into conformance with the highest standards of financial accountability currently promulgated by the National Council on Governmental Accounting and the American Institute of Certified Public Accountants as generally accepted accounting principles for governmental units and, in addition, the highest standards of financial reporting currently in existance for governmental units as promulgated by the Municipal Finance Officers' Association in its recommended comprehensive annual financial report format. This year's report is significantly different and improved over prior reports, and reflects the progress we have made toward implementing these nationally recognized standards. This progress would not have been possible without your continued strong support.

Respectfully submitted,

Edward J. Mazur

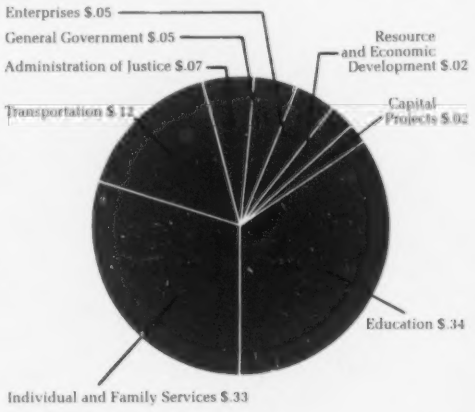
Edward J. Mazur,
Comptroller of the Commonwealth of Virginia

Fig. 7 **Revenue Dollar**
ALL FUNDS FISCAL YEAR 1982


Rights and Privileges $.03
Corporation Income Tax $.03
Motor Vehicle Sales and Use Tax $.01
Sales of Properties and Commodities $.05
Motor Fuels Tax $.05
Institutional Revenue $.11
Sales and Use Tax $.11
Federal Revenue $.21
Unemployment Compensation Tax $.03
Public Service Corporations Tax $.02
Interest, Dividends, and Rents $.02
Insurance Companies Gross Premiums Tax $.01
Other $.07
Individual Income Tax $.25

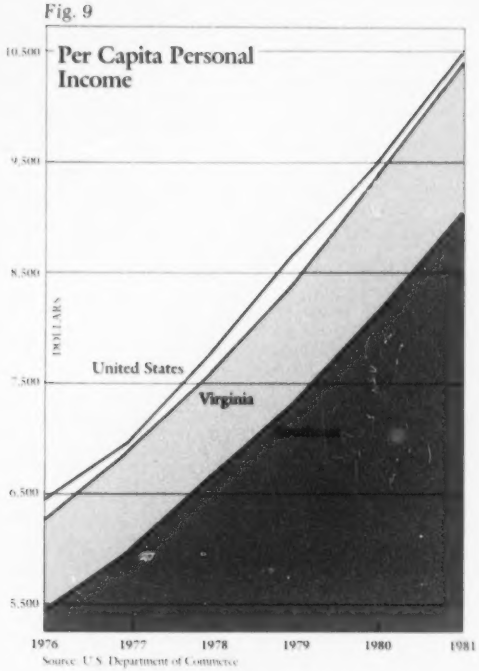
Federal Revenues	$ .21
Individual Income Tax	.25
Sales and Use Tax	.11
Institutional Revenue	.11
Motor Fuels Tax	.05
Sales of Property and Commodities	.05
Corporation Income Tax	.03
Rights and Privileges	.03
Unemployment Compensation Tax	.03
Public Service Corporations Tax	.02
Interest, Dividends, and Rents	.02
Insurance Companies Gross Premiums Tax	.01
Motor Vehicles Sales and Use Tax	.01
Other	.07
Total	$1.00

Fig. 8 **Expenditure Dollar**
ALL FUNDS FISCAL YEAR 1982



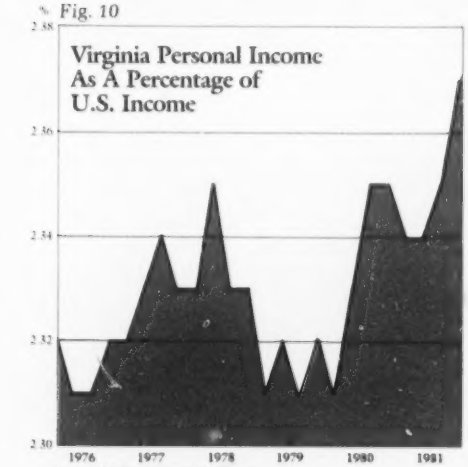
Education	$ .34
Individual and Family Services	.33
Transportation	.12
Administration of Justice	.07
Enterprises	.05
General Government	.05
Capital Project	.02
Resource and Economic Development	.02
Total	$1.00

Fig. 9



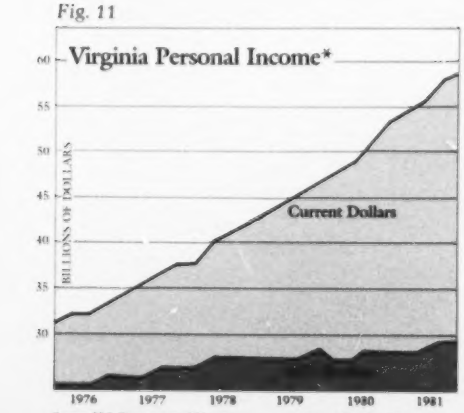
Source: U.S. Department of Commerce

Fig. 10



Source: U.S. Department of Commerce

Fig. 11



Source: U.S. Department of Commerce. * Seasonally adjusted annual rate

The economic environment is one of the major factors affecting the financial operations of both the State and the nation. This section of the report includes data and analyses developed by the Tayloe Murphy Institute, and provides the reader with a brief review of the Commonwealth's economic condition during the past five years, in relation to the national economy. The current economic atmosphere and past trends have a great impact on current and future financial operating plans of the State. It is interesting to note that the Virginia economy and the national economy parallel each other very closely.

There have been two national recessions since 1976. The first was sharp, but brief, lasting from the beginning of 1980 until midyear. The second, which began in July 1981, has yet to reach its low point. Real gross national product, a broad measure of the nation's output adjusted for inflation, grew at a modest annual rate of 3.0% between 1976 and 1981. Virginia's economy behaved much like the national economy. Current dollar personal income (Fig. 9) increased at an average annual rate of 12.1% versus 11.7% nationally. After adjustment for inflation, the growth of Virginia personal income was much lower, averaging 3.8% for the 1976-81 period. Because the rate of growth in Virginia (Fig. 10) exceeded that of the nation, the State's share of U.S. personal income increased. All of the gain was concentrated in the last two years. Virginia's per capita personal income in 1981 (Fig. 11) was $10,445, a figure 99% of the national average and 116% of the Southeast average. Over the five year period, Virginia's per capita income maintained about the same percentage relationship to the U.S. and Southeast averages.

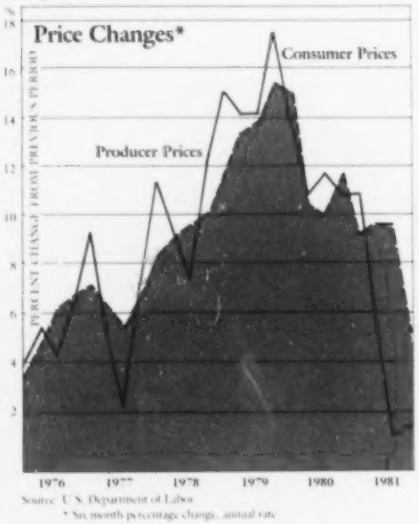
Inflation was a major problem during the 1976-81 period. Producer

and consumer prices (Fig. 12) rose sharply, reaching double-digit rates of change in 1978. The 1980 recession caused some slackening in the inflation rate, but real progress did not occur until the onset of the current recession. Rapid inflation was a major cause of rising interest rates as lenders demanded higher rates to offset the diminished purchasing power of the dollars they would receive in repayment. The prime rate (Fig. 13) charged by banks to their best customers for short-term loans reached a new quarterly high (20.3%) in 1981. Long-term rates (Fig. 14) also reached new highs in that year. The yield on new issues of high-grade corporate bonds rose to 16.3% and new home conventional mortgage yields rose to nearly 16.0%.

Virginia's nonagricultural wage and salary employment (Fig. 16) increased by 312,000 from 1976 to 1981. In relative terms, the 16.7% gain exceeded the national average (14.8%). Virtually all of the State's increase occurred prior to 1980 (see Fig. 15). Among the major industries in Virginia, the largest numerical and percentage increase was in services. Two other sectors with large absolute and relative gains were trade, and state and local government. Three sectors—manufacturing, the federal government, and mining—are often referred to as "basic sectors" because of their central role in stimulating the economy. During the 1976-81 period, manufacturing and federal government employment grew slowly, while that of mining declined.

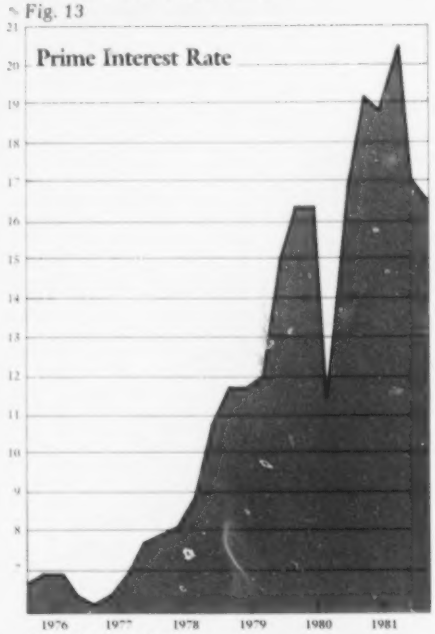
From 1976 to 1979 Virginia's unemployment rate (Fig. 17) dropped, reaching a quarterly low of 4.6% in 1979. The unemployment rate rose in the 1980 recession, fell with the brief recovery, and then rose sharply with the onset of the current recession. Although the current State unemployment rate is

Fig. 12



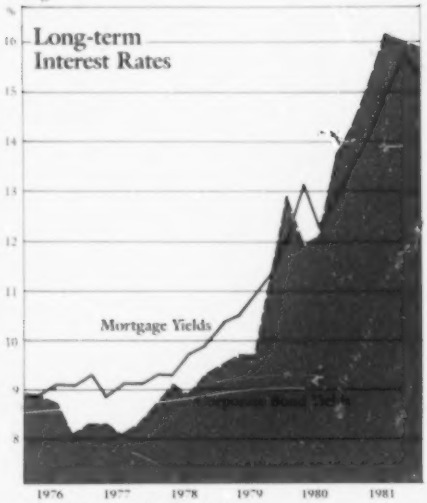
Source: U.S. Department of Labor
* Six-month percentage change, annual rate

Fig. 13



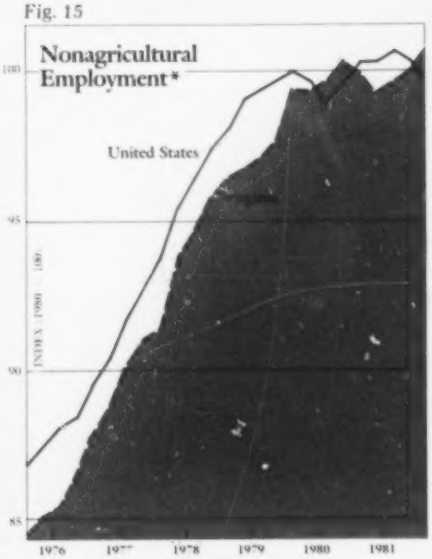
Source: Federal Reserve Board

Fig. 14



Sources: Federal Home Loan Bank Board
U.S. Department of the Treasury

Fig. 15



Sources: Virginia Department of Labor and Industry,
U.S. Department of Labor
* Establishment data, seasonally adjusted

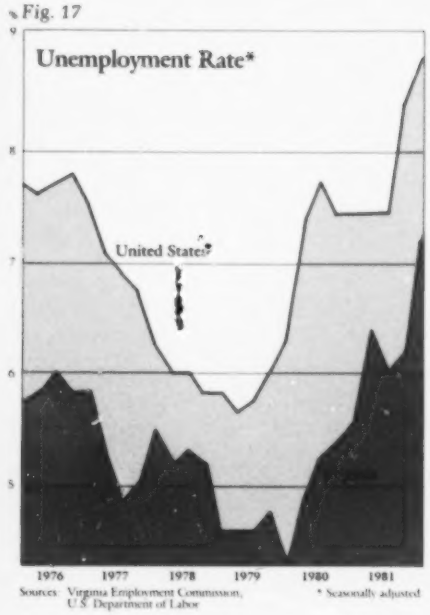
Fig. 16

Virginia Nonagricultural Wage and Salary Employment

(Numbers in Thousands)	Number of Employees		Change	
	1976	1981	%	Number
Manufacturing	387.7	411.9	6.2	24.2
Mining	21.8	21.4	−1.8	−0.4
Construction	111.8	115.7	3.5	3.9
Transportation and public utilities	104.4	116.6	11.7	12.2
Trade	386.7	462.8	19.7	76.1
Finance, insurance, and real estate	86.3	106.2	23.1	19.9
Services and misc.	312.8	415.8	32.9	103.0
Federal civilian government	149.6	156.8	4.8	7.2
State and local government	287.0	352.8	22.9	65.8
Total	1,848.1	2,160.0	16.9	311.9

Source: Virginia Department of Labor and Industry

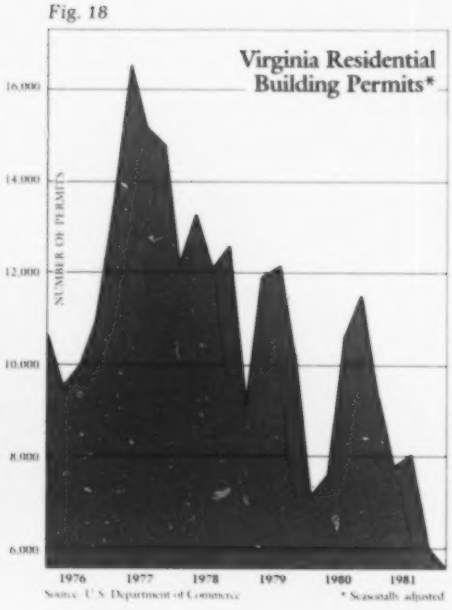
Fig. 17



Sources: Virginia Employment Commission, U.S. Department of Labor

* Seasonally adjusted

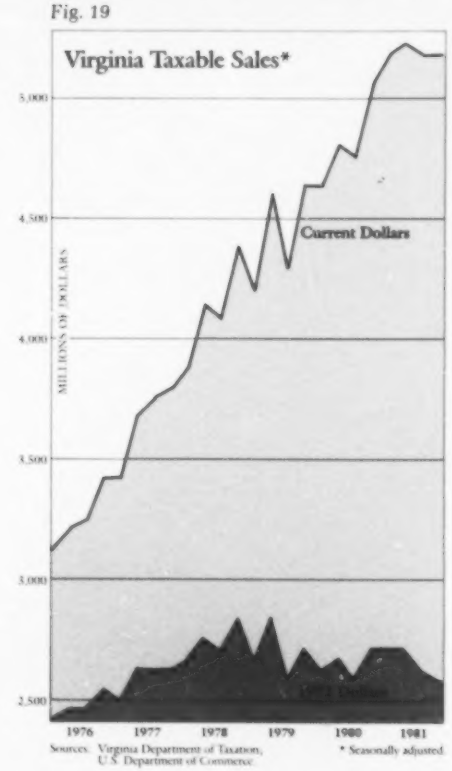
Fig. 18



Source: U.S. Department of Commerce

* Seasonally adjusted

Fig. 19



Sources: Virginia Department of Taxation, U.S. Department of Commerce

* Seasonally adjusted

about four-fifths of the national rate, the Virginia rate is now higher than at any time during the past decade.

Under the pressure of high mortgage rates and two national recessions, the construction of new homes in Virginia (Fig. 18) has plummeted since 1977. From 1977 to 1981, the number of residential building permits fell by 44%.

Taxable sales (Fig. 19) under the Virginia Sales and Use Tax, a fairly good proxy for retail sales, grew at an annual rate of 9.6% over the five-year period. However, when adjusted for price increases, the average annual gain was only 1.4%.

In summary, a review of the Virginia economy for the past five years indicates that we should expect the economic condition of the Commonwealth to move in a similar direction as that of the nation. The nation is presently experiencing a downturn and Virginia State Government has reacted to this weakened economy in a manner that ensures the appropriate allocation of resources to meet the needs of its people. The ability of the State's government to respond to and deal with the realities of inflation is the true test of its financial strength. Virginia continues to show a strong financial position.

Organization of the Virginia State Government

As of July 1982

Executive

Attorney General

Governor

Lieutenant Governor

Administration and Finance

Secretary of Administration and Finance
Department of Accounts
Department of the Treasury
Department of Planning and Budget
Public Telecommunications Council
Department of Personnel and Training
State Board of Elections
Department of Computer Services
Department of Management Analysis and Systems Development
Compensation Board
Virginia Supplemental Retirement System
Department of Taxation
Secretary of the Commonwealth
Department of Intergovernmental Affairs
Department of General Services
Office of Employee Relations Counselors
Advisory Committee—Executive Mansion
Commonwealth of Virginia—Washington Office
Office of State-Federal Regulations
Virginia Public Building Authority

Human Resources

Secretary of Human Resources
Commission on the Status of Women
Office on Aging
Virginia Employment Commission
Division of Children
Department of Health Regulatory Boards
Department of Rehabilitative Services
State Board of Health
Virginia Commission for the Visually Handicapped
State Mental Health and Retardation Board
Virginia Council for the Deaf
Department of Social Services
Governor's Employment and Training Council
Virginia Health Services Cost Review Commission
State Advocacy Office for the Developmentally Disabled
Division of Volunteerism

Commerce and Resources

Secretary of Commerce and Resources
Division of Industrial Development
Department of Housing and Community Development
Department of Labor and Industry
Department of Commerce
State Office of Minority Business Enterprises
Board of Agriculture and Consumer Services
Milk Commission
Virginia Soil and Water Conservation Commission
Virginia Agriculture Foundation
Board of Conservation and Economic Development
Marine Resources Commission
Commission of Game and Inland Fisheries
Virginia WWII Memorial Commission
State Water Control Board
Board of Regents—Gunston Hall
State Air Pollution Control Board
Jamestown-Yorktown Foundation
Virginia Independence Bicentennial Commission
Virginia Historic Landmarks Commission
Commission of Outdoor Recreation
Council on the Environment
Virginia Marine Products Commission
Commission on Local Government
Virginia Housing Development Authority
Virginia Fuel Conversion Authority
Virginia Outdoors Foundation

Public Safety

Secretary of Public Safety
Department of Criminal Justice Services
Department of State Police
Department of Corrections
Rehabilitative School Authority
Commonwealth's Attorneys Services and Training Center
Department of Fire Programs
Division of Capitol Police
Department of Alcoholic Beverage Control

Education

Secretary of Education
Science Museum of Virginia
Virginia Commission of the Arts and Humanities
State Board of Education
Virginia State Library
College of William and Mary
Virginia Commonwealth University
University of Virginia
Virginia Polytechnic Institute and State University
Virginia Truck and Ornamentals Research Station
Virginia Military Institute
Virginia State University
Norfolk State University
Longwood College
Mary Washington College
James Madison University
Radford University
Virginia School for the Deaf and the Blind
Virginia School at Hampton
Old Dominion University
Virginia Museum of Fine Arts
Richard Bland College
Christopher Newport College
State Council of Higher Education
Clinch Valley College
George Mason University
State Board for Community Colleges
State Education Assistance Authority
Virginia College Building Authority
Virginia Education Loan Authority
Virginia Public School Authority

Transportation

Secretary of Transportation
Department of Military Affairs
State Office of Emergency and Energy Services
Department of Transportation Safety
Division of Motor Vehicles
Virginia Port Authority
State Highway Commission
Department of Aviation

Legislative

Senate
House of Delegates
Virginia Commission of Interstate Cooperation
Commission on Veterans' Affairs
Virginia Code Commission
Division of Legislative Automated Systems
Joint Legislative Audit and Review Commission
Virginia Coal and Energy Commission
Auditor of Public Accounts
Virginia State Crime Commission
Commission to Study Disposal of Solid Waste
Virginia Public Buildings Commission

Judicial

Supreme Court
Circuit Courts
District Courts
The Magistrate System
Virginia State Bar
State Board of Bar Examiners
Public Defender Commission
Judicial Inquiry and Review Commission

Independent Agencies

State Corporation Commission
Industrial Commission of Virginia

Virginia

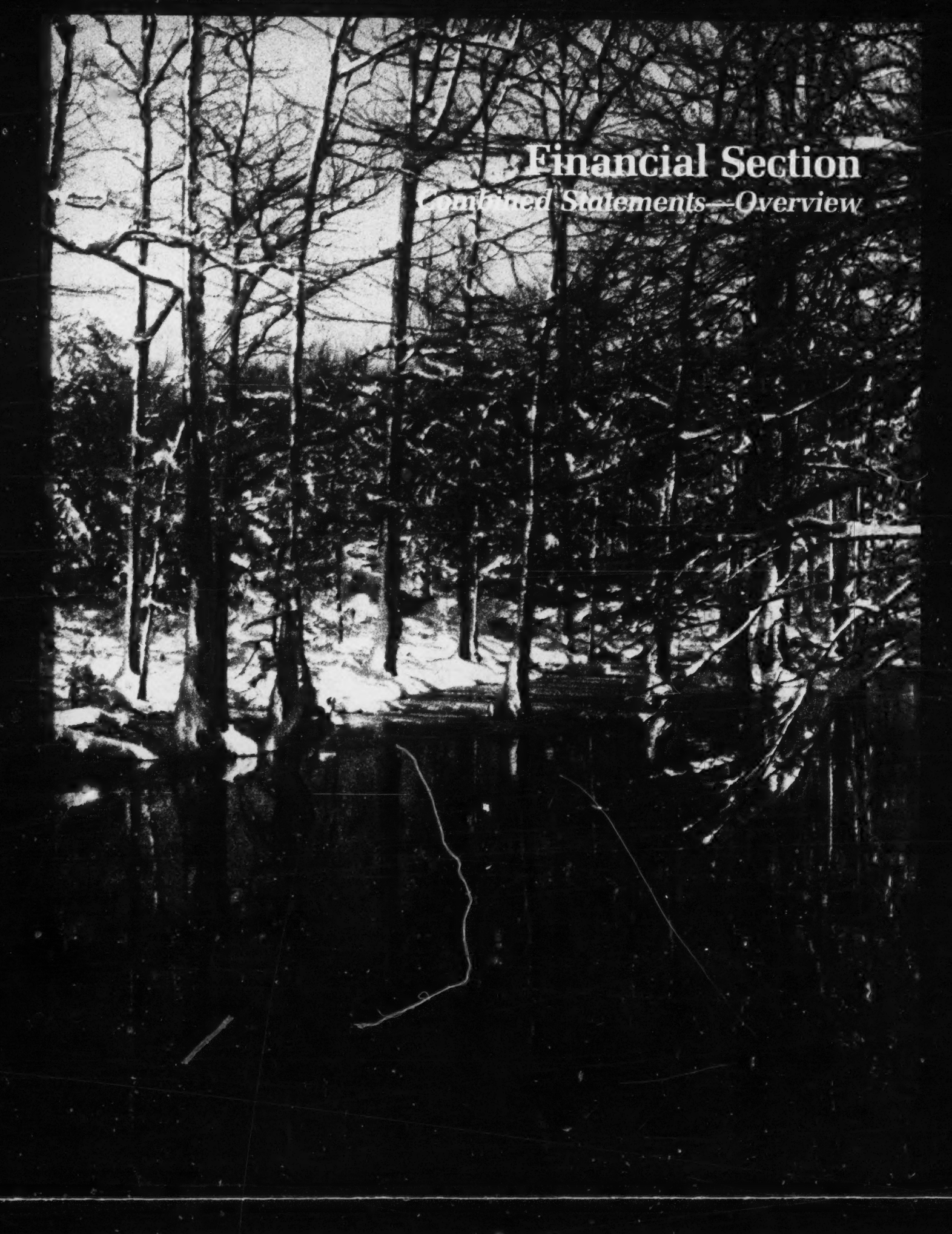
The Commonwealth is rich in history, tradition, and promise for the future. Located midway along the Atlantic seaboard, Virginia's geographic location has been a factor of prime importance in its history and economic development. Virginia is linked with the rest of the nation through an excellent network of highways, railroads, navigable waterways, seaports, and airports for commercial and pleasure travel. The State's diverse economy includes manufacturing, mining, finance, agriculture, shipping and port activities, tourism, and federal government activities.

The manufacturing industry is the State's largest basic employer. With new industries locating in all areas of the State in recent years, manufacturing has become an important factor in our economic development and employment outlook. Since Northern Virginia is a part of the nation's capitol and Hampton Roads is the home of the nation's largest concentration of military installations, the federal government has a greater impact on Virginia, relative to its size, than any other state except Alaska and Hawaii. Often called the world's finest natural harbor, Hampton Roads is the site of Virginia's numerous port activities. The Port of Hampton Roads traditionally leads all other ports in the nation in the volume of exports and ranks first in total foreign trade tonnage.

Large coal reserves in southwestern Virginia contribute the State's chief mineral resource while many other minerals exist in commercial quantities. In addition, extensive forests supply raw materials for the lumber and pulpwood industries and for the manufacture of furniture and other wood products.

The Commonwealth takes pride in its exceptional educational system, its vibrant and rewarding cultural life, its scenic natural resources, and its historical heritage. We are a State of progressive, dynamic cities and gentle country towns. Blessed with a mild climate, Virginia's scenic beauty stretches from the Atlantic's beaches to the rolling hills of the Piedmont and the Blue Ridge Mountains with their clear, clean rivers and lakes. The pride Virginians take in their State is indicative of the abundant opportunities that exist within the State for an exceptional future.

Additional copies of this report may be obtained from the Comptroller, Commonwealth of Virginia, P.O. Box 6-N, Richmond, Virginia 23215
Graphic design: Zeigler Veazey Associates, Richmond, Virginia



Financial Section

Combined Statements—Overview

Combined Balance Sheet
All Fund Types and the Account Group

June 30, 1982
(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets				
Cash and Short-term Investments	$105,312	$188,091	$ —	$ 425
Cash and Investments with Trustees	—	39,411	—	—
Cash with Departments and Institutions	3,619	993	—	—
Taxes Receivable (Net of estimated refunds and allowance for doubtful accounts)	154,953	25,371	—	—
Loans and Accounts Receivable (Net of allowance for doubtful accounts)	4,052	108,508	—	—
Accrued Interest Receivable	5,045	—	—	—
Due from Other Funds (Note 11)	95,482	—	—	—
Other Receivables	8,944	—	—	—
Loans Receivable from Proprietary Funds (Note 1)	15,780	—	—	—
Investments (Note 1):				
Bonds	—	—	—	—
Stocks	—	—	—	—
Short-term Securities	—	—	—	—
Other Securities (Note 4)	—	—	—	—
Real Estate	—	—	—	—
Inventories	—	—	—	—
Prepaid Expenses	—	—	—	—
Fixed Assets:				
Land	—	—	—	—
Buildings (Net of accumulated depreciation)	—	—	—	—
Equipment (Net of accumulated depreciation)	—	—	—	—
Construction in Progress	—	—	—	—
Amount to be provided for the retirement of Long-term Debt (Note 10)	—	—	372	—
Total Assets	$393,187	$362,374	$ 372	$ 425
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 30,971	$ 74,334	$ —	$ 86
Amounts due to Localities	25,441	—	—	—
Accrued Interest Payable	—	64	—	—
Deposits	191	409	—	—
Due to Commercial Institutions	—	—	—	—
Other Liabilities	6,083	—	—	—
Due to Other Funds (Note 11)	6,145	18,233	—	—
Loan Payable to the General Fund (Note 1)	—	—	—	—
Deferred Revenue	642	305	—	—
General Obligation Bonds Payable (Note 10)	—	—	—	—
Transportation Bonds Payable (Note 10)	—	—	—	—
Higher Education Bonds Payable (Note 10)	—	—	—	—
Matured Debt Payable (Note 10)	—	—	372	—
Total	69,473	93,345	372	86
Net Accrual Adjustments (Note 2)	110,499	52,555	—	(86)
Total Liabilities	179,972	145,900	372	—
Fund Equity:				
Contributed Capital	—	—	—	—
Retained Earnings	—	—	—	—
Fund Balances:				
Reserved (Notes 1 & 11)	21,925	—	—	—
Unreserved:				
Designated	150,693	216,474	—	425
Undesignated	40,597	—	—	—
Total Fund Equity	213,215	216,474	—	425
Total Liabilities and Fund Equity	$393,187	$362,374	$ 372	$ 425

The accompanying notes are an integral part of this financial statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Group	Higher Education	Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Long-Term Debt		June 30, 1982	June 30, 1981
$ 777	$ 10,452	$ 101,394	$ —	$ 84,673	**$ 491,124**	$ 489,071
—	—	68,555	—	—	**107,966**	133,237
85	25	99	—	232	**5,053**	5,025
—	—	—	—	—	**180,324**	170,150
1,094	3,593	117,737	—	121,276	**356,260**	98,283
—	—	—	—	—	**5,045**	—
—	—	—	—	—	**95,482**	158,268
—	—	10,684	—	—	**19,628**	68
—	—	—	—	—	**15,780**	15,780
—	—	1,121,954	—	—	**1,121,954**	1,035,887
—	—	811,152	—	—	**811,152**	736,219
—	—	255,934	—	—	**255,934**	193,184
—	—	76,789	—	—	**76,789**	88,651
—	—	224,881	—	—	**224,881**	81,608
24,453	7,052	—	—	—	**31,505**	32,747
474	31	—	—	—	**505**	560
1,558	255	—	—	—	**1,813**	1,760
3,004	1,773	—	—	—	**4,777**	4,835
3,712	18,496	5	—	—	**22,213**	23,934
—	326	—	—	—	**326**	25
—	—	—	163,800	75,917	**240,089**	246,867
$ 35,157	$ 42,003	$2,789,184	$163,800	$282,098	**$4,068,600**	$3,516,159
$ 6,102	$ 964	$ 34,780	$ —	$ 26,345	**$ 173,582**	$ 27,891
—	—	20,490	—	—	**45,931**	19,160
—	—	1	—	4,980	**5,045**	—
1,758	—	11,696	—	20	**14,074**	10,816
2,000	7,343	—	—	—	**9,343**	11,330
8,944	1	10,835	—	80	**25,943**	9,920
1,446	—	2,000	—	67,658	**95,482**	158,268
10,200	5,580	—	—	—	**15,780**	15,780
—	202	—	—	17,606	**18,755**	15,606
—	—	—	116,800	—	**116,800**	129,175
—	—	—	47,000	—	**47,000**	55,500
—	—	—	—	75,917	**75,917**	61,820
—	—	—	—	—	**372**	372
30,450	14,090	79,802	163,800	192,606	**644,024**	515,638
—	—	15,768	—	89,951	**268,687**	170,150
30,450	14,090	95,570	163,800	282,557	**912,711**	685,788
—	5,368	—	—	—	**5,368**	5,368
4,707	22,545	—	—	—	**27,252**	24,134
—	—	—	—	—	**21,925**	22,325
—	—	2,693,614	—	(459)	**3,060,747**	2,713,536
—	—	—	—	—	**40,597**	65,008
4,707	27,913	2,693,614	—	(459)	**3,155,889**	2,830,371
$ 35,157	$ 42,003	$2,789,184	$163,800	$282,098	**$4,068,600**	$3,516,159

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
						Year Ended	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 1982	June 30, 1981
Revenues:							
Taxes	$2,657,579	$ 407,501	$ —	$ —	$ 173,716	**$ 3,238,796**	$ 3,003,646
Rights and Privileges	13,188	175,342	—	—	10,620	**199,150**	197,371
Sales of Property and Commodities	189	6,701	—	—	—	**6,890**	6,637
Assessments and Receipts for Support of Special Services	759	13,645	—	—	3,195	**17,599**	11,978
Institutional Revenue	3,083	143,867	—	—	—	**146,950**	122,333
Interest, Dividends, and Rents	92,161	922	—	—	26,836	**119,919**	98,349
Fines, Forfeiture, Court Fees, Penalties, and Escheats	20,103	3,522	—	—	15,905	**39,530**	34,474
Federal Grants, Contracts, and Revenue Sharing	—	1,051,544	—	—	73,294	**1,124,838**	1,320,260
Receipts from Cities, Counties, and Towns	536	49,587	—	—	3,281	**53,404**	45,297
Private Donations, Gifts, and Contracts	—	809	—	—	—	**809**	605
Other	8,861	24,647	—	—	14,690	**48,198**	73,822
Total Revenues	2,796,459	1,878,087	—	—	321,537	**4,996,083**	4,914,772
Expenditures:							
Personal Services	517,242	400,174	—	368	29,177	**946,961**	853,770
Medical and Other Contractural Services	363,473	442,174	7	90	8,984	**814,728**	711,863
Supplies and Materials	68,383	116,542	—	2	865	**185,792**	196,700
Grants and Distributions to Localities	1,283,275	572,668	—	—	46,066	**1,902,009**	1,895,089
Land, Equipment, and Other Fixed Assets	17,921	230,923	—	55,367	5,236	**309,447**	465,019
Rent, Insurance, and Other Related Charges	25,953	23,814	7,362	—	221,785	**278,914**	241,101
Employee Benefits	75,517	60,874	—	44	4,380	**140,815**	138,837
Recovery of Costs	(18,632)	(24,492)	—	—	—	**(43,124)**	(36,543)
Loans and Bonds	4,863	232	29,320	8	—	**34,423**	42,342
Other	15,296	(8,344)	—	—	(1)	**6,951**	3,663
Total Expenditures	2,353,291	1,814,565	36,689	55,879	316,492	**4,576,916**	4,511,841
Revenues Over (Under) Expenditures	443,168	63,522	(36,689)	(55,879)	5,045	**419,167**	402,931
Other Financing Sources (Uses):							
ABC Profits Transfers	29,133	—	—	—	—	**29,133**	29,855
Appropriation Act Transfers	8,251	(2,581)	—	—	—	**5,670**	5,459
Operating Transfers In	36,936	529,791	36,689	48,549	254,271	**906,236**	361,566
Operating Transfers Out	(604,621)	(531,416)	—	(11,031)	(240,968)	**(1,388,036)**	(849,092)
Trust Fund Receipts Over (Under) Disbursements	—	—	—	—	14,435	**14,435**	(4,176)
Increase (Decrease) in Assets Held by Trustees	—	14,928	—	—	(28,963)	**(14,035)**	(19,138)
Proceeds from Sale of Bonds	—	—	—	17,117	—	**17,117**	22,395
Net Gain on Sale of Investments	—	—	—	—	1	**1**	139
Other Sources (Uses)	111	518	—	—	—	**629**	(4,255)
Total Other Financing Sources (Uses)	(530,190)	11,240	36,689	54,635	(1,224)	**(428,850)**	(457,247)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(87,022)	74,762	—	(1,244)	3,821	**(9,683)**	(54,316)
Fund Balance, July 1	300,237	146,570	—	(38,963)	210,333	**618,177**	810,154
Adjustments to Beginning Fund Balance (Notes 5 & 7)	—	(4,858)	—	40,632	101,887	**137,661**	—
Adjusted Beginning Fund Balance	300,237	141,712	—	1,669	312,220	**755,838**	810,154
Fund Balance, June 30	$ 213,215	$ 216,474	$ —	$ 425	$ 316,041	**$ 746,155**	$ 755,838

The accompanying notes are an integral part of this financial statement.

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)	
					Year Ended	
	Enterprise	Internal Service	Non-expendable Trust	Pension Trust	June 30, 1982	June 30, 1981
Operating Revenues:						
Charges for Sales and Services	$ 250,315	$ 86,714	$ —	$ —	**$ 337,029**	$ 314,907
Contributions	—	—	—	359,996	**359,996**	321,504
Other	—	—	71	93	**164**	—
Total Operating Revenues	250,315	86,714	71	360,089	**697,189**	636,411
Operating Expenses:						
Cost of Sales and Services	172,905	51,010	—	—	**223,915**	211,324
Personal Services	26,977	9,681	45	—	**36,703**	32,828
Contractual Services	4,983	5,346	4	—	**10,333**	9,101
Supplies and Materials	989	3,590	—	—	**4,579**	4,622
Grants	37	7	11	—	**55**	30
Expendable Equipment	9	221	—	—	**230**	135
Depreciation	1,105	8,152	1	—	**9,258**	7,473
Interest Expense	1,394	—	—	—	**1,394**	1,287
Rent, Insurance, and Other Related Charges	2,946	4,367	—	—	**7,313**	5,942
Employee Benefits	4,338	1,391	7	--	**5,736**	4,800
Pension Fund	—	—	—	201,857	**201,857**	182,180
Other	—	1	—	—	**1**	615
Total Operating Expenses	215,683	83,766	68	201,857	**501,374**	460,337
Operating Income	34,632	2,948	3	158,232	**195,815**	176,074
Nonoperating Revenues (Expenses):						
Net Gain (Loss) on Sale of Investments	—	—	—	(1,807)	**(1,807)**	36,931
Interest, Dividends, and Rents	8	3	279	177,384	**177,674**	146,573
Discounts	12	112	—	—	**124**	118
Sales of Surplus Property	1	212	—	—	**213**	233
Other	150	(171)	—	—	**(21)**	590
Total Nonoperating Revenues (Expenses)	171	156	279	175,577	**176,183**	184,445
Income Before Operating Transfers	34,803	3,104	282	333,809	**371,998**	360,519
Net Operating Transfers	(34,789)	—	—	3,440	**(31,349)**	(31,688)
Net Income	14	3,104	282	337,249	**340,649**	328,831
Retained Earnings/Fund Balance, July 1	12,299	2,238	2,189	2,149,936	**2,166,662**	1,735,340
Adjustments to Beginning Retained Earnings/Fund Balance (Notes 5 & 7)	(7,606)	17,203	—	(112,083)	**(102,486)**	5
Adjusted Beginning Retained Earnings/Fund Balance	4,693	19,441	2,189	2,037,853	**2,064,176**	1,735,345
Retained Earnings/Fund Balance, June 30	$ 4,707	$ 22,545	$ 2,471	$2,375,102	**$2,404,825**	$2,064,176

The accompanying notes are an integral part of this financial statement.

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General and Special Revenue Funds

For the Fiscal Year Ended June 30, 1982

(Dollars in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$2,646,500	$2,657,579	$ 11,079
Rights and Privileges	17,500	13,188	(4,312)
Sales of Property and Commodities	200	189	(11)
Assessments and Receipts for Support of Special Services	700	759	59
Institutional Revenue	3,300	3,083	(217)
Interest, Dividends, and Rents	77,100	92,161	15,061
Fines, Forfeitures, Court Fees, Penalties, and Escheats	14,900	20,103	5,203
Federal Grants, Contracts, and Revenue Sharing	—	—	—
Receipts from Cities, Counties, and Towns	600	536	(64)
Private Gifts, Donations, and Contracts	—	—	—
Other	6,900	8,861	1,961
Subsequent Revenue Appropriated	—	—	—
Total Revenues	2,767,700	2,796,459	28,759
Expenditures:			
General Government	276,102	241,322	34,780
Education	1,003,181	988,044	15,137
Transportation	8,229	8,128	101
Resources and Economic Development	91,359	86,334	5,025
Individual and Family Services	612,536	609,173	3,363
Administration of Justice	422,919	415,551	7,368
Enterprises	5,059	4,739	320
Total Expenditures	2,419,385	2,353,291	66,094
Revenues Over (Under) Expenditures	348,315	443,168	94,853
Other Financing Sources (Uses):			
ABC Profit Transfers	26,700	29,133	2,433
Appropriation Act Transfers	10,100	8,251	(1,849)
Operating Transfers In	36,936	36,936	—
Operating Transfers Out	(542,066)	(539,622)	2,444
Capital Outlay Transfers	(158,104)	(64,999)	93,105
Increase in Assets Held by Trustees	—	—	—
Other Sources	111	111	—
Total Other Financing Sources (Uses)	(626,323)	(530,190)	96,133
Revenues and Other Soruces Over (Under) Expenditures and Other Uses	(278,008)	(87,022)	190,986
Fund Balance, July 1	300,237	300,237	—
Adjustments to Beginning Fund Balance (Notes 5 & 7)	—	—	—
Adjusted Beginning Fund Balance	300,237	300,237	—
Fund Balance, June 30	$ 22,229	$ 213,215	$ 190,986

The accompanying notes are an integral part of this financial statement.

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 403,167	$ 407,501	$ 4,334	$ 3,049,667	$ 3,065,080	$ 15,413
173,482	175,342	1,860	190,982	188,530	(2,452)
5,667	6,701	1,034	5,867	6,890	1,023
10,844	13,645	2,801	11,544	14,404	2,860
132,260	143,867	11,607	135,560	146,950	11,390
1,088	922	(166)	78,188	93,083	14,895
3,398	3,522	124	18,298	23,625	5,327
1,081,980	1,051,544	(30,436)	1,081,980	1,051,544	(30,436)
39,875	49,587	9,712	40,475	50,123	9,648
640	809	169	640	809	169
31,450	24,647	(6,803)	38,350	33,508	(4,842)
207,902	—	(207,902)	207,902	—	(207,902)
2,091,753	1,878,087	(213,666)	4,859,453	4,674,546	(184,907)
16,672	9,463	7,209	292,774	250,785	41,989
165,923	136,468	29,455	1,169,104	1,124,512	44,592
1,019,702	701,151	318,551	1,027,931	709,279	318,652
88,028	67,703	20,325	179,387	154,037	25,350
928,218	886,296	41,922	1,540,754	1,495,469	45,285
18,429	9,665	8,764	441,348	425,216	16,132
4,473	3,819	654	9,532	8,558	974
2,241,445	1,814,565	426,880	4,660,830	4,167,856	492,974
(149,692)	63,522	213,214	198,623	506,690	308,067
—	—	—	26,700	29,133	2,433
(3,091)	(2,581)	510	7,009	5,670	(1,339)
529,791	529,791	—	566,727	566,727	—
(517,062)	(517,062)	—	(1,059,128)	(1,056,684)	2,444
(44,639)	(14,354)	30,285	(202,743)	(79,353)	123,390
14,928	14,928	—	14,928	14,928	—
518	518	—	629	629	—
(19,555)	11,240	30,795	(645,878)	(518,950)	126,928
(169,247)	74,762	244,009	(447,255)	(12,260)	434,995
146,570	146,570	—	446,807	446,807	—
(4,858)	(4,858)	—	(4,858)	(4,858)	—
141,712	141,712	—	441,949	441,949	—
$ (27,535)	$ 216,474	$ 244,009	$ (5,306)	$ 429,689	$ 434,995

Combined Statement of Changes in Financial Position
All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only) Year Ended	
	Enterprise	Internal Service	Pension Trust	Nonexpendable Trust	June 30, 1982	June 30, 1981
Sources of Working Capital:						
Operations:						
Income Before Operating Transfers	$ 34,803	$ 3,104	$333,809	$ 282	**$371,998**	$360,333
Items Not Requiring Working Capital:						
Depreciation	1,105	8,152	—	1	**9,258**	7,472
Amortization of Net Loss on Securities Exchanged (Note 4)	—	—	7,486	—	**7,486**	7,486
Working Capital Provided by Operations	35,908	11,256	341,295	283	**388,742**	375,291
Transfers from Other Funds	—	—	3,440	—	**3,440**	3,334
Long-term Note Payable Issued	—	2,117	—	—	**2,117**	—
Contributions	—	—	—	—	**—**	656
Total Sources of Working Capital	35,908	13,373	344,735	283	**394,299**	379,281
Uses of Working Capital:						
Net Acquisition of Property, Plant, and Equipment	790	6,722	—	—	**7,512**	5,024
Transfers to General Fund	34,790	—	—	—	**34,790**	35,022
Reduction in Long-term Debt Payable	500	3,603	—	—	**4,103**	2,712
Increase in Construction in Progress	—	321	—	—	**321**	—
Reduction in Retained Earnings Due to Prior Period Adjustment	—	—	—	—	**—**	731
Total Uses of Working Capital	36,080	10,646	—	—	**46,726**	43,489
Net Increase (Decrease) in Working Capital	$ (172)	$ 2,727	$344,735	$ 283	**$347,573**	$335,792
Elements of Net Increase (Decrease) in Working Capital:						
Cash and Short-term Investments	$ (1,676)	$ 3,095	$ 2,429	$ 241	**$ 4,089**	$ 2,416
Short-term Securities	—	—	51,050	—	**51,050**	(36,890)
Other Investments	—	—	288,288	—	**288,288**	358,447
Receivables	61	(1,883)	16,196	36	**14,410**	12,064
Inventories	(761)	(481)	—	—	**(1,242)**	2,838
Prepaid Expenses	(36)	(19)	—	—	**(55)**	267
Payables, Deposits, and Other Liabilities	2,240	2,129	(10,968)	6	**(6,593)**	(686)
Retirement Benefits Payable	—	—	(1,433)	—	**(1,433)**	(1,225)
Retirement Funds Payable	—	—	(827)	—	**(827)**	(2,608)
Deferred Revenue	—	(114)	—	—	**(114)**	146
Capital Appropriated	—	—	—	—	**—**	1,023
Net Increase (Decrease) in Working Capital	$ (172)	$ 2,727	$344,735	$ 283	**$347,573**	$335,792

The accompanying notes are an integral part of this financial statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance
Higher Education Fund

For the Fiscal Years Ended June 30, 1982, and 1981 (Dollars in Thousands)

	Year Ended June 30, 1982	Year Ended June 30, 1981
Revenues:		
Educational and General:		
Student Tuition and Fees	$ 167,336	$ 145,237
Governmental Grants and Contracts—Federal	119,240	123,258
Governmental Grants and Contracts—State Agencies	11,628	14,553
Governmental Grants and Contracts—Local	3,505	2,925
Gifts and Private Grants	21,524	16,352
Endowment Income	222	188
Sales and Services of Educational Departments	2,509	2,583
Indirect Costs Recovered	10,295	9,541
Other Sources	7,132	5,380
Total Education and General	343,391	320,017
Auxiliary Enterprises—Academic	114,304	100,653
Auxiliary Enterprises—Medical Hospitals:		
Patient Revenue—Per Diem Revenue	116,956	122,747
Patient Revenue—Other Fees	77,096	49,476
Other Medical Hospital Auxiliary Enterprises	2,947	2,764
Total Revenues	654,694	595,657
Expenditures:		
Educational and General:		
Instruction	354,753	324,205
Student Aid	128,249	127,601
Physical Health Services	137,956	118,801
Institutional Support Services	87,519	77,059
Academic Support	85,075	75,920
Operation and Maintenance of Plant	77,518	72,137
Administrative and Support Services	58,279	46,640
Student Services	36,849	33,990
Public Services	26,193	24,543
Research	17,895	16,295
Other Expenditures	171	811
Total Educational and General	1,010,457	918,002
Capital Outlay	91,181	99,611
Auxiliary Enterprises	108,799	94,571
Total Expenditures	1,210,437	1,112,184
Revenues Under Expenditures	(555,743)	(516,527)
Other Financing Sources (Uses):		
Proceeds from Sale of Bonds	21,184	24,408
Operating Transfers In	556,088	514,670
Operating Transfers Out	(26,977)	(35,137)
Total Other Financing Sources (Uses)	550,295	503,941
Revenues and Other Sources Under Expenditures and Other Uses	(5,448)	(12,586)
Fund Balance, July 1	45,621	17,575
Adjustments to Beginning Fund Balance (Notes 5 & 7)	(40,632)	—
Adjusted Beginning Fund Balance	4,989	17,575
Fund Balance, June 30 (Note 8)	$ (459)	$ 4,989

The accompanying notes are an integral part of this financial statement.

Notes to Financial Statements

June 30, 1982

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (except as disclosed in Note 1.C., Basis of Accounting) as prescribed by the National Council on Governmental Accounting (NCGA) and the American Institute of Certified Public Accountants.

Since the accounting standards for colleges and universities have been promulgated by: (1) the National Association of College and University Business Officers in *College and University Business Administration* (1974), and (2) the American Institute of Certified Public Accountants in *Audits of Colleges and Universities* (1975), the accompanying financial statements have been constructed to exclude the Higher Education Fund from the other fund types and the account group. The presentation of Higher Education activity in a separate column is intended to facilitate comparisons with other educational institutions in the United States.

For financial reporting purposes, the Commonwealth of Virginia includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the Commonwealth and recorded in the State accounting system or included through year-end adjustments, except for the following:

1. Endowment and other funds, including local funds, relating to higher educational institutions of the Commonwealth;
2. Funds of authorities which are neither administered nor controlled by the Commonwealth of Virginia, such as historical museums and foundations, interstate regulatory commissions, and various civic organizations. Certain other organizations having "Virginia" in their name have also been excluded, pending a determination, in compliance with NCGA Statement No. 3, "Defining the Governmental Reporting Entity," as to the propriety of including their financial activities in future reports of the Commonwealth. This NCGA pronouncement is effective for all years ending after December 31, 1982;
3. Certain custodial funds held in a trust capacity by the Treasurer of Virginia, in accordance with bond indenture agreements, until such proceeds are required for use in the construction of facilities for which the debt was incurred, or for the repayment of debt; and,
4. Funds held by Blue Cross/Blue Shield of Virginia, in accordance with a contractual agreement, to cover the potential claims of Commonwealth employees.

Control by or dependence upon the Commonwealth was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Commonwealth, obligations of the Commonwealth to finance any deficits that may occur, receipt of significant subsidies from the Commonwealth, or substantial oversight authority held by the Commonwealth. While the Governor appoints individuals to the boards of various organizations, such appointments do not, in themselves, create the control and influence over the activities of the board necessary to cause inclusion of all such boards within the financial activities of the Commonwealth.

NCGA Statement No. 3, "Defining the Governmental Reporting Entity," is effective for fiscal years ending after December 31, 1982. The accompanying financial statements reflect an evolutionary effort to bring the Commonwealth's financial statements into complete conformance with Statement No. 3 by June 30, 1983.

B. Fund Structure

The accompanying financial statements are presented in four categories of funds and one account group. The fund categories include governmental funds, proprietary funds, fidiciary funds, and the Higher Education Fund. An account group is presented for General Long-Term Debt. At present, the Commonwealth's fixed assets are not recorded in a separate General Fixed Assets Account Group. A Statewide automated fixed asset accounting system is currently being implemented and will enable the presentation of a Fixed Assets Account Group in next year's annual report. The fund classification and a description of each existing fund type and account group follows:

1. Governmental Funds

Transactions related to accounting for expendable resources received and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in governmental funds. The governmental fund measurement focus is on determination of financial position and changes in financial position, rather than on income determination. Governmental funds include:

a. **General Fund**—Reflects transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund. These services include general government, legislative, public safety, judicial, health and mental health, human resources, licensing and regulation, and primary and secondary education.

b. **Special Revenue Funds**—Reflect transactions related to resources received and used for restricted or specific purposes. The Special Revenue Fund includes transactions related to resources used in support of public health services, welfare costs, agriculture, State park services, and highway maintenance and construction.

c. **Debt Service Funds**—Reflect transactions related to resources retained and used for the payment of interest and principal on those long-term debt obligations recorded in the General Long-Term Debt Account Group.

d. **Capital Projects Funds**—Reflect transactions related to resources received and used for the acquisition, construction, or improvement of certain capital facilities.

2. **Proprietary Funds**

Transactions related to those commercial activities that a state government encounters are accounted for in the proprietary funds. These funds differ from governmental funds in that the measurement focus is on income determination, which, together with the maintenance of equity, are important financial indicators. Proprietary funds include:

a. **Enterprise Fund**—Reflects transactions related to resources received and used for the financing of self-supporting activities of the Commonwealth which offer products and services on a user charge basis to the general public. This fund reflects the activities of the Department of Alcoholic Beverage Control (ABC), which operates facilities for the distribution and sale of distilled spirits and wine to the general public, and enforces the Commonwealth's alcoholic beverage statutes.

b. **Internal Service Funds**—Reflect transactions related to resources received and used for the financing of services and commodities furnished by designated agencies to other agencies, institutions, or other governmental units of the Commonwealth. The services and commodities furnished by these designated agencies are charged to the recipient agency on a cost-reimbursement basis.

3. **Fiduciary Funds**

Transactions related to assets held by the Commonwealth in a trust or agency capacity are accounted for in fiduciary funds. The Commonwealth's fiduciary funds include the Pension Trust, Nonexpendable Trust, and other Expendable Trust and Agency Funds as follows:

a. The Pension Trust Fund, which reflects the transactions, assets, liabilities, and fund equities of Commonwealth-administered retirement systems (see Notes 1.G. and 3.);

b. Funds held for unemployment compensation and other related employment programs;

c. Funds held for employee/employer life insurance premiums, in excess of the amounts required for claims. These activities are administered by the Virginia Supplemental Retirement System; and,

d. Trust funds which reflect the operational transactions of specific transportation toll facilities financed by public debt.

4. **Account Groups**

Account Groups are used to establish accounting control and accountability for the Commonwealth's general fixed assets and the unmatured principal on all general long-term debt not accounted for in the proprietary, fiduciary, or Higher Education funds. The Commonwealth is in the process of developing a Statewide automated fixed asset accounting system that will facilitate the reporting of the Commonwealth's general fixed assets. Implementation is not yet complete and, accordingly, the general fixed assets of the Commonwealth, consistent with past practice, have been excluded from this report. The General Fixed Assets Account Group will become a part of the 1983 annual report.

The General Long-Term Debt Account Group is utilized to reflect unmatured and unredeemed long-term general obligation bonds payable. Unmatured long-term debt relating to obligations of the proprietary funds, fiduciary funds, and Higher Education Fund activity is accounted for within those funds.

5. **Higher Education Fund**

Transactions related to resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals, administered by the governing boards of these institutions, are recorded in the Higher Education Fund.

C. **Basis of Accounting for Funds**

1. **Governmental Funds**—The Governmental Funds Combined Statement of Revenues, Expenditures, and Changes in Fund Balances and the General and Special Revenue Funds Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual, are presented on a cash basis. In addition, certain receivables and payables have been reflected on the Combined Balance Sheet to more accurately present the financial position of these funds at June 30, 1982, the net effect of which has been excluded from fund balances.

2. **Proprietary Funds**—Proprietary funds are presented on a full accrual basis.

3. **Fiduciary Funds**—The Pension Trust Fund and the Nonexpendable Trust Fund are presented on a full accrual basis. The Expendable Trust and Agency Funds are presented on a cash basis.

4. **Higher Education Fund**—The Higher Education Fund Statement of Revenues, Expenditures, and Changes in Fund Balance is presented on a cash basis. In addition, certain receivables and payables have been reflected on the Combined Balance Sheet to more accurately present the financial position of this fund at June 30, 1982, the net effect of which has been excluded from fund balances.

D. **Budget**—The Commonwealth's annual budget is prepared principally on the cash basis and represents departmental appropriations as authorized by the Legislature. Accordingly, data presented for both budget and actual in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Funds is on a cash basis.

The following schedule details the budget adopted by the Legislature prior to the beginning of fiscal year 1982, as presented in Chapter 601, 1981 Acts of Assembly. Subsequent Legislative and Executive adjustments, permitted by law, are also presented. Budget figures presented in the above referenced financial statements reflect the final budget figures resulting from all legal adjustments to the budget.

	Original Budget	Subsequent Adjustments	Final Budget
General Fund:			
Revenues	$2,825,546,000	$ (57,846,000)	$2,767,700,000
Expenditures	2,861,230,590	(441,845,536)	2,419,385,054
Special Revenue Funds:			
Revenues	$2,173,528,241	$ (81,775,859)	$2,091,752,382
Expenditures	2,163,611,145	77,833,722	2,241,444,867

Where budgeted expenditures exceed budgeted revenues, the beginning fund balances comprise the additional resources necessary to fund anticipated expenditures.

E. **Inventories**—Inventories of materials and supplies are stated at the lower of cost or market. The Enterprise Fund (Department of Alcoholic Beverage Control) maintains inventories at the lower of average cost or market.

F. **Fixed Assets**—Consistent with past practice, general fixed assets acquired or constructed for use by the Commonwealth in the conduct of its activities, other than fixed assets accounted for in the proprietary funds, are recorded as expenditures at the time of purchase. Fixed assets of the proprietary funds are stated at cost. Depreciation for the Enterprise Fund is provided on a straight-line basis over estimated lives of ten to thirty years for real property and five to nine years for equipment. Depreciation for Internal Service Funds is on a straight-line basis over estimated lives of from ten to thirty years for real property and two to ten years for equipment.

G. **Investments**—Investments are principally comprised of monies contributed to the Virginia Supplemental Retirement System (VSRS) by employees and employers for active and retired members. VSRS investments, except for common stocks and real estate pool participations, are stated at amortized cost. Common stocks, short-term investments, real estate pool participations, and other securities are carried at cost. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold.

H. **Total Columns on Combined Statements**—The total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present consolidated financial position, results of operations, or changes in financial position.

I. **Long-Term Liabilities**—Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Expenditures related to general long-term debt for principal and interest are recognized in the Debt Service Fund when paid. Long-term liabilities expected to be financed from the proprietary funds and the Higher Education Fund, as well as the related interest payments, are accounted for in those funds.

J. **Encumbrances**—Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized as an extension of formal budgetary integration in the Commonwealth's accounting system. Because the Code of Virginia does not permit the continuance of spending authority beyond the Balance Sheet date, encumbered amounts are eliminated at the end of the year and, accordingly, are not included in the accompanying financial statements.

K. **Loans Receivable From Proprietary Funds**—Long-term loans receivable in the General Fund (Loans Receivable From Proprietary Funds) have been offset by long-term loans payable in the proprietary funds (Loans Payable to the General Fund). Advances of $10,200,000 to the Enterprise Fund and $5,580,000 to the Internal Service Funds represent working capital advances from the General Fund. These advances are used primarily to finance inventories and/or provide working capital for the respective activities. These advances are not anticipated to be repaid, or to become available for expenditure by the General Fund, until such time as the applicable statutes of the Code of Virginia are changed or until that activity is discontinued. Accordingly, the General Fund Balance has been reserved by these amounts.

2. NET ACCRUAL ADJUSTMENTS—Because spending authority in the Commonwealth is based on receipts and disbursements, accrual adjustments are not presented in the accompanying Statements of Revenues, Expenditures, and Changes in Fund Balances. Accruals have been made for Balance Sheet purposes, including accruals for taxes and other receivables, accrued interfund interest, and accounts payable, all of which are offset in the Balance Sheet line item "Net Accrual Adjustments." Accruals for proprietary funds are included, as required by generally accepted accounting principals, on a full accrual basis.

A schedule detailing the portion of receivables and payables that are "offset" by the Net Accrual Adjustments line item follows:

Schedule of Net Accrual Adjustments

June 30, 1982 (Dollars in Thousands)	General	Special Revenue	Capital Projects	Trust and Agency	Higher Education
Net Accrual Adjustments	$ 110,499	$ 52,555	$ (86)	$ 15,768	$ 89,951
Composition of Net Accrual Adjustments:					
Taxes Receivable (Net of estimated refunds and allowance for doubtful accounts)	$ 154,953	$ 25,371	$ —	$ —	$ —
Accounts Receivable Net of allowance for doubtful accounts)	4,052	101,582	—	32,346	121,276
Other Receivables	8,944	—	—	—	—
Accrued Interest Receivable	5,045	—	—	—	—
Accounts Payable	(30,971)	(74,334)	(86)	(16,577)	(26,345)
Accrued Interest Payable	—	(64)	—	(1)	(4,980)
Amounts due to Localities	(25,441)	—	—	—	—
Other Liabilities	(6,083)	—	—	—	—
Totals	$ 110,499	$ 52,555	$ (86)	$ 15,768	$ 89,951

3. RETIREMENT AND PENSION SYSTEMS—Employees participate in one of three contributory retirement systems. The Virginia Supplemental Retirement System (VSRS) provides retirement benefits to Commonwealth employees as

well as to teachers and certain other employees of political subdivisions of the Commonwealth. The State Police Officers' Retirement System provides retirement benefits to Virginia state police officers, and the Judicial Retirement System provides retirement benefits to the Commonwealth's judges.

The latest actuarial valuation prepared for the three retirement systems is as of June 30, 1980 (June 30, 1981, for employees of political subdivisions), using the entry-age normal cost method. The Commonwealth's contribution and the unfunded liability of the plans are actuarially determined every two years. Based on the June 30, 1978, valuation, the Commonwealth contributed $142,596,000 for the year ended June 30, 1982, compared to a contribution of $129,555,600 for the prior year. The contribution includes the amortization, over a forty-year period, of unfunded accrued liabilities and past retirement supplements. The actuarial present value of future additional contributions to be made by the Commonwealth for prior service costs was $2,040,788,000 on June 30, 1982, as determined by an actuarial valuation on June 30, 1980. There were no significant changes in the pension plans during the current year that would affect comparability with the prior year. Commencing on July 1, 1982, the Commonwealth began funding the system on a "level funded" basis, which will amortize unfunded accrued liabilities and past retirement supplements over a 40 year period on an even basis.

4. **INVESTMENTS—OTHER SECURITIES**—In connection with certain bond transactions, prior to 1977, the Virginia Supplemental Retirement System (VSRS) utilized the bond swap method of accounting to defer incurred gains and losses. This method was adopted by the VSRS Board of Trustees on January 11, 1971, to permit VSRS to acquire higher yielding bonds in exchange for low yield bonds, without immediate recognition of resulting gains or losses. Under this method of accounting, realized gains and losses on exchanged bonds were deferred over the shorter of the life of the acquired bond or the exchanged security. On December 14, 1977, the Board of Trustees passed a resolution to discontinue the practice of deferring gains and losses on bond swaps. Commencing on July 1, 1978, the unamortized amount of deferred gains and losses began being amortized on a straight-line basis over a period of seven years. The remaining balance of $22,459,092 is included with Other Securities in the Fiduciary Fund on the Combined Balance Sheet.

5. **COMPARABILITY WITH PRIOR YEARS**—The following changes in the application of accounting principles, relating principally to the matching of activities with appropriate funds, are reflected in this year's statements and in memorandum and other totals for the fiscal year ending June 30, 1981:

   A. The activities of the State's motor vehicle pool (Central Garage) and the manufacturing activities of the State's correctional facilities (Bureau of Industrial Enterprises) were reported in the Special Revenue Fund in prior years. They are now presented in the Internal Service Fund.

   B. The Rural Rehabilitation Trust Fund, previously included with Expendable Trust and Agency Funds, is now presented in the Nonexpendable Trust Fund.

   C. In prior years, amounts presented in the Pension Trust Fund included the Pension Trust Fund and two other trust funds, the Life Insurance Fund and the Social Security Fund. These latter two trust funds are expendable trusts and have been so presented.

   D. Accounts reflecting toll facility activities have been reclassified from the Capital Projects Fund to the Special Revenue Fund to more accurately reflect the nature of the activities presented.

   E. Accounts reflecting construction activities at higher education institutions have been reclassified from the Capital Projects Fund to the Higher Education Fund.

   F. In prior years, operating transfers were netted in one line item on the Combined Operating Statements. For fiscal 1982 these amounts are shown separately as Operating Transfers In and Operating Transfers Out.

   G. Accruals for taxes and other receivables, accrued interfund interest, and accounts payable are offset in the Balance Sheet line item, "Net Accrual Adjustments." Comparable data, other than net taxes receivable, has not been included in the 1981 memorandum totals column.

6. **CONTRACTS AND GRANTS**—Resources obtained from grants and contracts, consistent with applicable legal requirements, are accounted for in the fund to which they apply. Reimbursement grants are recorded as revenues at the time the funds are received and expenditures are recorded at the time liabilities are paid.

7. **ADJUSTMENTS TO BEGINNING FUND BALANCE**—On the Combined Operating Statements, the beginning fund balances have been restated to conform to the accounting changes detailed in Note 5, through the "Adjustments to Beginning Fund Balance" line in the financial statements. The majority of these adjustments were caused by the reclassification activities identified in Note 5, above.

8. **HIGHER EDUCATION DEFICIT FUND BALANCE**—The Higher Education Fund expends funds for federal grants, capital outlay projects, and other projects on a reimbursement basis. Because reimbursement for these expenditures was not received by June 30, 1982, the accompanying cash basis financial statements reflect a deficit fund balance.

9. **ACCRUED VACATION AND SICK LEAVE POLICY**—Each agency of the Commonwealth maintains records that reflect cumulative vacation and sick leave hours earned. Vacation and sick leave are accrued at the following rates:

Years of Service	Vacation Leave	Sick Leave
1 through 4	4 hours per semi-monthly pay period, to a maximum accumulation of 192 hours at the end of each calendar year	5 hours per semi-monthly pay period
5 through 9	5 hours per semi-monthly pay period, to a maximum accumulation of 240 hours at the end of each calendar year	5 hours per semi-monthly pay period

Years of Service	Vacation Leave	Sick Leave
10 through 19	6 hours per semi-monthly pay period, to a maximum accumulation of 288 hours at the end of each calendar year	5 hours per semi-monthly pay period
20 and over	7 hours per semi-monthly pay period, to a maximum accumulation of 336 hours at the end of each calendar year	5 hours per semi-monthly pay period

Terminating employees with a minimum of five years of service are permitted to receive 25 percent of the value of their accumulated sick leave, to a maximum of $2,500. Terminating employees are paid for accrued vacation leave at their current earnings rate. Because dollar amounts related to hours earned are not maintained centrally, a presentation of the related accrued liability is not included in the accompanying financial statements.

10. LONG-TERM INDEBTEDNESS—All of the Commonwealth's bonds currently outstanding issued pursuant to Sections 9 (b) and 9 (c) of Article X of the Constitution of Virginia are backed by the full faith, credit, and taxing power of the Commonwealth. Commonwealth of Virginia bonds are divided into two major groupings, consisting of General Obligation Bonds authorized by the citizens of Virginia through bond referendum to finance capital projects, and bonds for financing capital projects which, when completed, will generate revenue to repay the debt. All of these bonds, except the Higher Educational and Mental Hospital Institution Bonds, Series 1969, are callable after approximately ten years, at the option of the Commonwealth of Virginia, from any available revenues. In addition, the Transportation Facilities Bonds, Series 1973, due in 1993, can be called at par value beginning June 1, 1983, from amounts that are required to be deposited into a sinking fund from the revenues of the Richmond-Petersburg Turnpike Authority for the years 1983 through 1993.

A summary of changes in long-term debt for the year ended June 30, 1982, follows:

	July 1, 1981	Additions	Payments	June 30, 1982
Matured Debt Contained in Debt Service Fund	$ 372,279	$ —	$ —	$ 372,279
Unmatured Debt Contained in Long-Term Debt Account Group:				
General Obligation Bonds	129,175,000	—	12,375,000	116,800,000
Revenue Bonds	55,500,000	—	8,500,000	47,000,000
Unmatured Debt Contained in the Higher Education Fund	61,820,000	17,752,000	3,655,000	75,917,000
Total Long-Term Debt Payable	$ 246,867,279	$ 17,752,000	$ 24,530,000	$ 240,089,279

The following schedules detail the annual funding requirements necessary to amortize both General Obligation and Revenue Bonds. Principal and interest requirements for the current year totaled $18,216,000 for General Obligation Bonds and $17,505,000 for Revenue Bonds.

GENERAL OBLIGATION BONDS
Debt Service Requirements to Maturity
As of June 30, 1982

Maturity	Principal	Interest	Total
1983	$ 12,375,000	$ 5,273,000	$ 17,648,000
1984	12,375,000	4,704,000	17,079,000
1985	6,575,000	4,136,000	10,711,000
1986	6,575,000	3,840,000	10,415,000
1987	6,575,000	3,544,000	10,119,000
1988	6,575,000	3,248,000	9,823,000
1989	6,575,000	2,952,000	9,527,000
1990	6,575,000	2,653,000	9,228,000
1991	6,575,000	2,351,000	8,926,000
1992	6,575,000	2,048,000	8,623,000
1993	6,575,000	1,742,000	8,317,000
1994	6,575,000	1,432,000	8,007,000
1995	6,575,000	1,118,000	7,693,000
1996	6,575,000	802,000	7,377,000
1997	6,575,000	483,000	7,058,000
1998	6,575,000	161,000	6,736,000
Total	$116,800,000	$ 40,487,000	$157,287,000

REVENUE BONDS
Debt Service Requirements to Maturity
As of June 30, 1982

Maturity	Principal	Interest	Total
1983	$ 4,145,000	$ 6,599,135	$ 10,744,135
1984	4,305,000	6,374,985	10,679,985
1985	4,225,000	6,140,885	10,365,885
1986	4,380,000	5,910,635	10,290,635
1987	4,710,000	5,672,185	10,382,185
1988	4,895,000	5,417,585	10,312,585
1989	5,165,000	5,149,435	10,314,435
1990	5,355,000	4,866,535	10,221,535
1991	5,655,000	4,570,635	10,225,635
1992	5,860,000	4,264,585	10,124,585
1993	51,130,000	3,943,385	55,073,385
1994	3,870,000	1,480,035	5,350,035
1995	3,285,000	1,254,535	4,539,535
1996	3,190,000	1,045,560	4,235,560
1997	1,970,000	837,335	2,807,335
1998	2,105,000	688,635	2,793,635
1999	2,105,000	526,310	2,631,310
2000-2009	6,567,000	1,136,420	7,703,420
Total	$122,917,000	$ 65,878,815	$188,795,815

11. DUE TO/FROM OTHER FUNDS—Interfund advances due to the General Fund of $95,481,267 are composed of temporary advances made to other funds. The purpose of these advances is to provide resources to initiate programs funded in whole or in part by the federal government, or to fund approved construction projects in anticipation of permanent financing.

An aging of these advances follows:

Due prior to June 30, 1983	$ 58,568,765
Due prior to December 31, 1983	992,918
Due prior to June 30, 1984	27,024,565
Due after June 30, 1984 (including loan to VIMS, noted below)	8,895,019
Total	$ 95,481,267

Because the State government controls these advances, all except one are considered to be repayable out of existing resources, if required. That exception is described in the following paragraph.

At June 30, 1982, approximately $6,145,000 ($6,545,000 at June 30, 1981) of the total loan balance noted above represented a loan to the Virginia Institute of Marine Science (VIMS) for unauthorized expenditures, in excess of appropriations made in prior years. Repayment of this loan is contingent upon the receipt of indirect cost recoveries from federal grants and contracts. Because recovery is subject to the availability of federal funds, General Fund Equity has been reserved by this amount. Commencing on July 1, 1982, 50 percent of all indirect cost recoveries received from federal grants and contracts by VIMS will be applied to this deficit, on a monthly payment basis. All other advances are expected to be repaid on or before their due dates.

12. COMMITMENTS AND CONTINGENCIES

A. **Leases**—The Commonwealth has entered into various leases for land, buildings, and equipment. All leases contain termination clauses providing for cancellation within certain time frames after written notice to lessors. In addition, all leases contain non-appropriation clauses indicating that continuation of the lease is subject to funding by the Legislature. It is expected that, in the normal course of business, most of these leases will be replaced by similar leases. For the current fiscal year, all lease payments were expensed. Information necessary for additional disclosures for rents, capital and operating leases, leasing transactions between related parties, and disclosures by lessors is not available. Implementation of the automated fixed asset accounting system described in Note 1.B. (4.) will provide data necessary for improved lease disclosure purposes.

B. **Contracts and Grants**—The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to the resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth.

Effective July 1, 1980, institutions of higher education were required to comply with federal regulation, Office of Management and Budget Circular No. A-21, if such institutions were recipients of federal grants, contracts, or other sponsored agreements. Certain institutions within the Commonwealth may not be in total compliance with these regulations. Failure to have complied with certain systems requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges to such agreements. We believe that the ultimate disallowance, if any, will be immaterial to the overall financial condition of the Commonwealth.

C. **Litigation**—The Commonwealth is named as a party in legal proceedings which occur in the normal course of governmental operations. One suit, against the Virginia State Department of Health, involves a Medicaid eligibility rule and its legality. In another suit, former employees of Western State Hospital are asserting a claim of deprivation of civil rights against current and former State officials and employees. The Attorney General has advised that the Commonwealth has substantial defenses in both of these suits. The Attorney General has also advised that the Commonwealth, its officials and employees are also defendants in numerous other lawsuits. Many of these lawsuits seek recovery of monetary damages in an unspecified amount. The foreseeable liability, if any, of such lawsuits would not have a material adverse effect on the financial condition of the Commonwealth.

CHARLES K. TRIBLE
AUDITOR

Commonwealth of Virginia

AUDITOR OF PUBLIC ACCOUNTS

P. O. BOX 1295
RICHMOND 23210

November 29, 1982

The Honorable Charles S. Robb
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Hunter B. Andrews
Chairman, Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia

Gentlemen:

We have examined the financial statements of the various funds and the general long-term debt account group of the Commonwealth of Virginia, as reflected in the state accounting system maintained by the Department of Accounts, as of June 30, 1982, and for the year then ended, as listed in the Table of Contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except for the matters discussed in the following four paragraphs.

The financial statements do not present the complete financial condition of the Commonwealth because certain accounting transactions of the various agencies and institutions are not recorded on the system of accounting maintained by the Department of Accounts. Significant exclusions are local fund activity existing in many agencies and institutions, certain trust funds, and various authorities, as indicated in Note 1A to the financial statements.

As more fully described in Note 2 of the Notes to Financial Statements, accruals pertaining to amounts receivable and payable to/by the various agencies and institutions of the Commonwealth, which were not previously included in the financial statements, have not been audited by us. Such accruals have not been reflected on the statements of revenues, expenditures, and changes in fund balances, and have been excluded from the fund balances in the combined balance sheet.

As more fully described in Note 3 of the Notes to Financial Statements, prior to August, 1977, the Virginia Supplemental Retirement System (VSRS) utilized the bond swap method of accounting for certain bond sales and purchases, wherein gains or losses on bonds sold were deferred and amortized over the life of its replacement. This practice was discontinued in August, 1977. The total amount deferred is being amortized over a seven year period, commencing with the year ended June 30, 1979. Because VSRS did not maintain sufficient documentation to provide an adequate audit trail we were unable to determine whether the deferred amount is properly stated.

A General Fund Fixed Asset Account Group, required by generally accepted accounting principles, has not been included in the accompanying financial statements. While many state agencies do maintain physical inventories of their fixed assets, formal statewide accounting records are not currently maintained. As discussed in Note 1F of the Notes to Financial Statements, the Commonwealth of Virginia is in the process of developing a system to account for its general fixed asset account group.

The Department of Accounts has included in the unreserved fund balances $30,767,502 in temporary interfund advances made to fund approved construction projects in anticipation of permanent financing from bond issues. The amounts are due subsequent to June 30, 1983 and represent amounts which are not available spendable resources to fund current operations. The Department has excluded from unreserved fund balances $15,780,000 representing permanent loans receivable from proprietary funds on the basis that such loans were not currently available for use by the general fund. In our opinion, consistent application of similar circumstances would result in either the inclusion of the $15,780,000 in unreserved fund balances (as was done in prior years) or the exclusion of both the proprietary fund loans and the non-current construction loans from unreserved fund balance.

The accompanying financial statements are not presented on a basis that is consistent with that of the preceding year because certain changes in fund classifications and in the application of accounting principles have been made. Major changes include redefining and adjusting the financial statements by reflecting the inclusion of activities within the internal service funds which were previously included within special revenue funds. The changes referred to above are more fully described in Note 5 of the Notes to Financial Statements.

In our opinion, except for the matters discussed in paragraphs two through five and in accordance with the basis of accounting described in Note 1C, the financial statements referred to above present the financial position of the Commonwealth of Virginia as of June 30, 1982 to the extent reflected in the state accounting system maintained by the Department of Accounts, and the results of its operations for the fiscal year then ended, on a consistent basis, except as discussed in the preceding two paragraphs.

Our examination was made for the purpose of expressing an opinion on the financial statements taken as a whole. Data included in the Introductory Section and the Statistical Section were not audited by us and, accordingly, no opinion is expressed thereon.

Sincerely,

Charles K. Trible

AUDITOR OF PUBLIC ACCOUNTS

Combining and Individual Fund Statements

General Fund

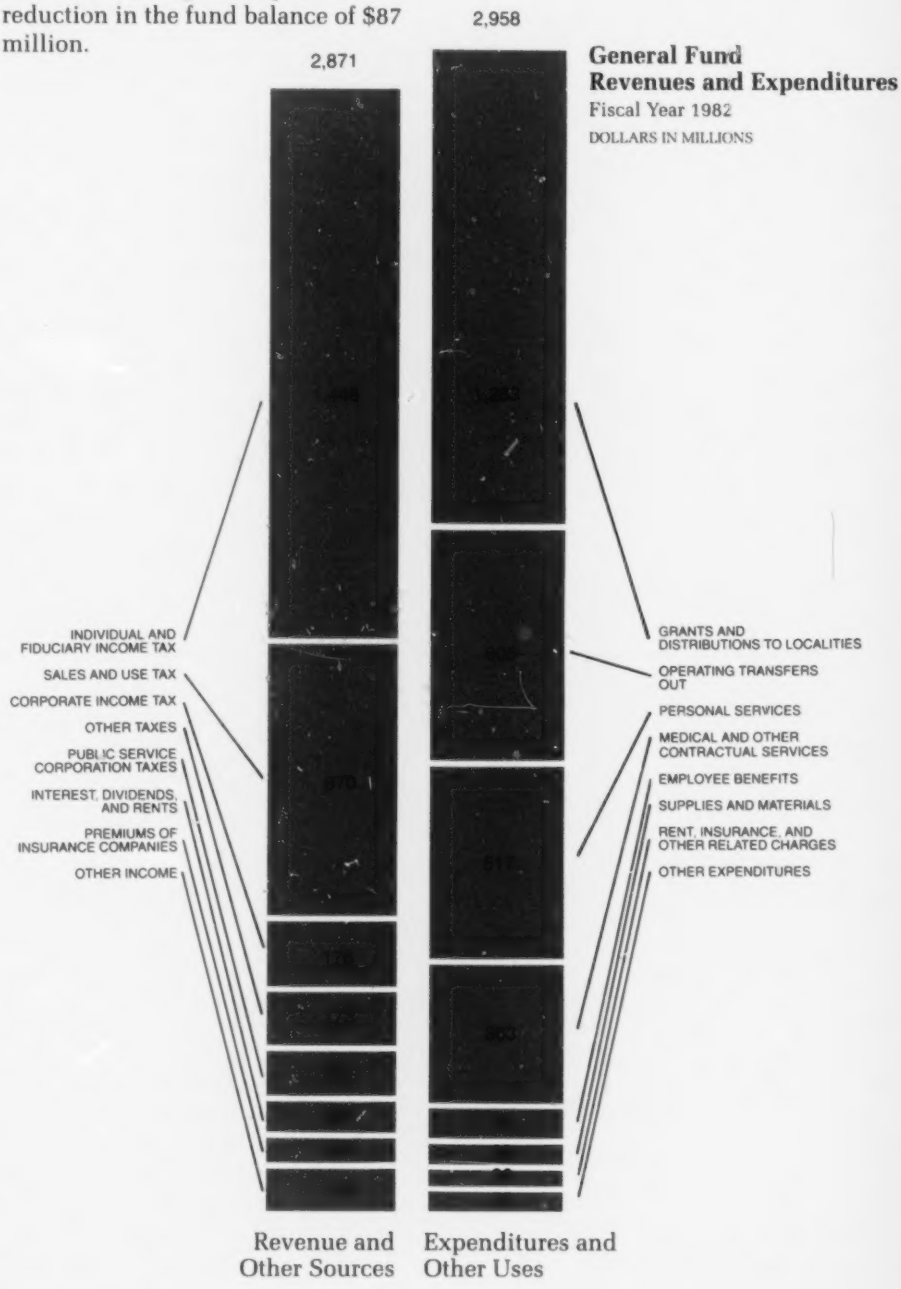
The General Fund accounts for all resources received and used for services traditionally provided by a state government. These services include general government, legislative, public safety, judicial, licensing and regulation, and any other services not accounted for in another fund. The General Fund Combining Statements are presented by branch of government and by secretarial area within the Executive Branch.

Analysis

The majority of General Fund revenue is collected by the Administration and Finance Secretarial area, and by the Judicial Branch. Major agencies that collect General Fund revenue include the Department of Taxation, city/county treasurers, and the State court system. The areas noted above collect 91.0% of all tax revenues, 99.6% of all interest, dividends and rents, and 98.6% of all fines and penalties. Certain secretarial areas also make major disbursements for specific items. The Education and Human Resources areas, which include the Department of Social Services and various hospitals and centers for the mentally and physically handicapped, account for 89.6% of all grants and distributions to localities made by the State government. Human Resources accounts for 71.3% of the medical and other contractual service expenditures, with all other areas accounting for less than 7% of each of the remaining expenditure areas in the General Fund.

General Fund revenue increased 7.4% over the preceding year, primarily due to an increase of $157 million in individual and fiduciary income tax and a $26 million increase in sales and use tax. Expenditures increased 8.4% over the preceding year, primarily as a result of increases in personal and contractual services and distributions to localities. In 1982, revenues exceeded expenditures by $443 million. However, other net financing uses totaled $530 million, resulting in the planned reduction in the fund balance of $87 million.

General Fund Revenues and Expenditures
Fiscal Year 1982
DOLLARS IN MILLIONS



Combining Balance Sheet
General Fund by Branch of Government—Secretarial Area

June 30, 1982
(Dollars in Thousands)

	Administration and Finance	Commerce and Resources	Education	Executive Transportation
Assets				
Cash and Short-term Investments	$ 102,045	$ (236)	$ 3,900	$ (119)
Cash with Departments and Institutions	71	482	2,253	119
Taxes Receivable (Net)	154,953	—	—	—
Loans and Accounts Receivable (Net)	133	53	2,935	10
Accrued Interest Receivable	5,045	—	—	—
Due From Other Funds	95,482	—	—	—
Other Receivables	8,944	—	—	—
Loans Receivable from Proprietary Funds	15,780	—	—	—
Total Assets	$ 382,453	$ 299	$ 9,088	$ 10
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 3,228	$ 689	$ 1,523	$ 98
Undistributed Taxes	25,441	—	—	—
Deposits	163	5	8	—
Other Liabilities	—	—	6083	—
Due to Other Funds	—	—	6,145	—
Deferred Revenue	—	241	—	—
Total	28,832	935	13,759	98
Net Accrual Adjustments	140,406	(636)	(4,671)	(88)
Total Liabilities	169,238	299	9,088	10
Fund Equity:				
Fund Balances				
Reserved	15,780	—	6,145	—
Unreserved	197,435	—	(6,145)	—
Total Fund Equity	213,215	—	—	—
Total Liabilities and Fund Equity	$ 382,453	$ 299	$ 9,088	$ 10

Branch						Totals	
Human Resources	Public Safety	Elected Officials	Legislative Branch	Judicial Branch	Independent Agencies	June 30, 1982	June 30, 1981
$ 132	$ (381)	$ (8)	$ (12)	$ (4)	$ (5)	**$ 105,312**	$ 129,364
280	383	8	14	5	4	**3,619**	3,589
—	—	—	—	—	—	**154,953**	170,150
418	271	4	212	11	5	**4,052**	—
—	—	—	—	—	—	**5,045**	—
—	—	—	—	—	—	**95,482**	158,268
—	—	—	—	—	—	**8,944**	—
—	—	—	—	—	—	**15,780**	15,780
$ 830	$ 273	$ 4	$ 214	$ 12	$ 4	**$ 393,187**	$ 477,151
$ 21,632	$ 3,151	$ 120	$ 35	$ 416	$ 79	**$ 30,971**	$ —
—	—	—	—	—	—	**25,441**	—
12	2	—	—	1	—	**191**	218
—	—	—	—	—	—	**6,083**	1
—	—	—	—	—	—	**6,145**	6,545
401	—	—	—	—	—	**642**	—
22,045	3,153	120	35	417	79	**69,473**	6,764
(21,215)	(2,880)	(116)	179	(405)	(75)	**110,499**	170,150
830	273	4	214	12	4	**179,972**	176,914
—	—	—	—	—	—	**21,925**	22,325
—	—	—	—	—	—	**191,290**	277,912
—	—	—	—	—	—	**213,215**	300,237
$ 830	$ 273	$ 4	$ 214	$ 12	$ 4	**$ 393,187**	$ 477,151

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance—General Fund by Branch of Government—Secretarial Area

For the Fiscal Year Ended June 30, 1982
(Dollars in Thousands)

	Administration and Finance	Commerce and Resources	Education	Executive Transportation
Revenues:				
Taxes	$ 2,244,611	$ 135	$ —	$ —
Rights and Privileges	685	1,689	138	—
Sales of Property and Commodities	10	15	76	—
Assessments and Receipts for Support of Special Services	—	—	—	—
Institutional Revenue	—	—	934	—
Interest, Dividends, and Rents	91,660	290	54	—
Fines, Forfeitures, Court Fees, Penalties, and Escheats	3,363	165	3	—
Federal Grants, Contracts, and Revenue Sharing	—	—	—	—
Receipts from Cities, Counties, and Towns	52	3	—	—
Other	1,839	481	1,693	(146)
Total Revenues	2,342,220	2,778	2,898	(146)
Expenditures:				
Personal Services	113,471	36,405	60,327	4,290
Medical and Other Contractual Services	25,310	11,868	19,416	1,822
Supplies and Materials	2,877	2,482	2,365	404
Grants and Distributions to Localities	90,885	6,356	1,003,521	550
Land, Equipment,and Other Fixed Assets	2,224	902	1,575	519
Rent, Insurance, and Other Related Charges	3,392	2,392	1,244	544
Employee Benefits	5,324	5,465	10,344	657
Recovery of Costs	(3,561)	(113)	(937)	(19)
Loans and Bonds	—	—	(74)	4,937
Other	—	1	5,581	1
Total Expenditures	239,922	65,758	1,103,362	13,705
Revenues Over (Under) Expenditures	2,102,298	(62,980)	(1,100,464)	(13,851)
Other Financing Sources (Uses):				
ABC Profits Transfers	—	—	—	—
Appropriation Act Transfers	8,251	—	—	—
Operating Transfers In	6,389	229	3,044	9
Operating Transfers Out	(51,189)	(1,446)	(506,058)	(594)
Net Intrafund Transfers	(2,152,771)	64,086	1,603,478	14,436
Other Sources (Uses)	—	111	—	—
Total Other Financing Sources (Uses)	(2,189,320)	62,980	1,100,464	13,851
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(87,022)	—	—	—
Fund Balance, July 1	300,237	—	—	—
Fund Balance, June 30	$ 213,215	$ —	$ —	$ —

Branch			Legislative Branch	Judicial Branch	Independent Agencies	Totals	
Human Resources	Public Safety	Elected Officials				Year Ended June 30, 1982	Year Ended June 30, 1981
$ —	$ 48,491	$ —	$ —	$ 174,342	$ 190,000	**$ 2,657,579**	$ 2,468,004
2,364	25	—	3	465	7,819	**13,188**	13,442
—	—	—	—	82	6	**189**	119
—	—	—	759	—	—	**759**	598
96	2,053	—	—	—	—	**3,083**	2,669
46	—	—	—	98	13	**92,161**	75,980
—	—	26	—	16,466	80	**20,103**	17,911
—	—	—	—	—	—	**—**	23,485
—	5	—	—	476	—	**536**	398
1,699	3,180	36	1	72	6	**8,861**	543
4,205	53,754	62	763	192,001	197,924	**2,796,459**	2,603,149
97,358	153,263	4,176	9,346	36,583	2,023	**517,242**	461,067
259,297	22,963	807	4,690	15,728	1,572	**363,473**	288,415
20,709	38,511	140	165	667	63	**68,383**	63,533
146,336	35,537	80	5	1	4	**1,283,275**	1,233,461
2,537	8,820	242	386	660	56	**17,921**	14,575
10,620	6,322	180	424	592	243	**25,953**	27,559
18,323	25,348	602	1,093	8,038	323	**75,517**	84,474
(1,884)	(10,028)	—	(86)	(52)	(1,952)	**(18,632)**	(15,790)
—	—	—	—	—	—	**4,863**	6,433
9,700	13	—	—	—	—	**15,296**	6,545
562,996	280,749	6,227	16,023	62,217	2,332	**2,353,291**	2,170,272
(558,791)	(226,995)	(6,165)	(15,260)	129,784	195,592	**443,168**	432,877
—	29,133	—	—	—	—	**29,133**	29,855
—	—	—	—	—	—	**8,251**	12,456
25,350	311	1,517	5	82	—	**36,936**	44,920
(19,191)	(26,092)	(41)	(3)	(2)	(5)	**(604,621)**	(571,356)
552,632	223,643	4,689	15,258	(129,864)	(195,587)	**—**	—
—	—	—	—	—	—	**111**	(189)
558,791	226,995	6,165	15,260	(129,784)	(195,592)	**(530,190)**	(484,314)
—	—	—	—	—	—	**(87,022)**	(51,437)
—	—	—	—	—	—	**300,237**	351,674
$ —	$ —	$ —	$ —	$ —	$ —	**$ 213,215**	$ 300,237

Supplementary Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual General Fund

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Individual and Fiduciary Income	$ 1,470,400	$ 1,446,132	$ (24,268)
Sales and Use	691,000	670,512	(20,488)
Corporation Income	148,300	176,966	28,666
Public Service Corporations	98,700	105,569	6,869
Premiums of Insurance Companies	80,900	84,431	3,531
Other Taxes	157,200	173,969	16,769
Total Taxes	2,646,500	2,657,579	11,079
Rights and Privileges	17,500	13,188	(4,312)
Sales of Property and Commodities	200	189	(11)
Assessments and Receipts for Support of Special Services	700	759	59
Institutional Revenue	3,300	3,083	(217)
Interest, Dividends, and Rents	77,100	92,161	15,061
Fines, Forfeitures, Court Fees, Penalties, and Escheats	14,900	20,103	5,203
Receipts from Cities, Counties, and Towns	600	536	(64)
Other	6,900	8,861	1,961
Total Revenues	2,767,700	2,796,459	28,759
Expenditures:			
General Government	276,102	241,322	34,780
Education	1,003,181	988,044	15,137
Transportation	8,229	8,128	101
Resources and Economic Development	91,359	86,334	5,025
Individual and Family Services	612,536	609,173	3,363
Administration of Justice	422,919	415,551	7,368
Enterprises	5,059	4,739	320
Total Expenditures	2,419,385	2,353,291	66,094
Revenues Over Expenditures	348,315	443,168	94,853
Other Financing Sources (Uses):			
ABC Profit Transfers	26,700	29,133	2,433
Appropriation Act Transfers	10,100	8,251	(1,849)
Operating Transfers In	36,936	36,936	—
Operating Transfers Out	(542,066)	(539,622)	2,444
Capital Outlay Transfers	(158,104)	(64,999)	93,105
Other Sources (Uses)	111	111	—
Total Other Financing Sources (Uses)	(626,323)	(530,190)	96,133
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(278,008)	(87,022)	190,986
Fund Balance, July 1	300,237	300,237	—
Fund Balance, June 30	$ 22,229	$ 213,215	$ 190,986

Supplementary Schedule of Required Utilization of General Fund Balance

June 30, 1982		(Dollars in Thousands)
Unreserved Fund Balance at June 30, 1982		$191,290
Amount Required for Reappropriation of 1982 Unexpended Balances:		
Operating	$ 5,856	
Capital Outlay	93,105	98,961
Balance Before 1982-84 Commitments		92,329
Amount Required by Chapter 684, 1982 Acts of Assembly	49,732	
Amount Required by Chapter 684, 1982 Acts of Assembly, Item 177, Relating to Department of Education Text Rental Payments	2,000	51,732
Balance Available for Appropriation		$ 40,597

Supplementary Schedule of Revenues by Source General Fund

(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	1982	1981	1980	1979
Taxes:				
Individual and Fiduciary Income	**$1,446,132**	$1,288,763	$1,102,979	$ 966,626
Sales and Use	**670,512**	645,204	595,031	534,722
Corporation Income	**176,966**	182,301	193,847	196,220
Public Service Corporations	**105,569**	104,133	101,832	96,420
Premiums of Insurance Companies	**84,431**	80,157	76,484	73,320
Other Taxes	**173,969**	167,446	168,802	166,400
Total Taxes	**2,657,579**	2,468,004	2,238,975	2,033,708
Rights and Privileges	**13,188**	13,442	11,411	11,411
Sales of Property and Commodities	**189**	119	177	190
Assessments and Receipts for Support of Special Services	**759**	598	563	437
Institutional Revenue	**3,083**	2,669	3,837	3,031
Interest, Dividends, and Rents	**92,161**	75,980	73,019	48,327
Fines, Forfeitures, Court Fees, Penalties, and Escheats	**20,103**	17,911	11,275	13,930
Federal Grants, Contracts, and Revenue Sharing	**(21)**	23,485	47,199	(25)
Receipts from Cities, Counties, and Towns	**536**	398	449	465
Other	**8,882**	543	5,233	3,738
Total Revenues	**$2,796,459**	$2,603,149	$2,392,138	$2,115,212

Supplementary Schedule Comparing Sum-Sufficient Estimated Appropriations With Actual Expenditures General Fund

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Estimated Appropriations	Actual Expenditures	Amount (Over) Under Estimate
Enactment of Laws	$ 7,443	$ 7,722	$ (279)
Legislative Research and Analysis	57	—	57
Legislative Evaluation and Review	3,389	3,926	(537)
Financial Assistance to Localities—From Sale of Alcoholic Beverages	22,800	21,956	844
Financial Assistance for Special State Revenue Sharing (Sales Tax)	225,500	222,226	3,274
Social Security Benefits (Local School Boards)	63,866	59,908	3,958
Group Life Insurance (Local School Boards)	2,756	2,574	182
Totals	$325,811	$318,312	$ 7,499

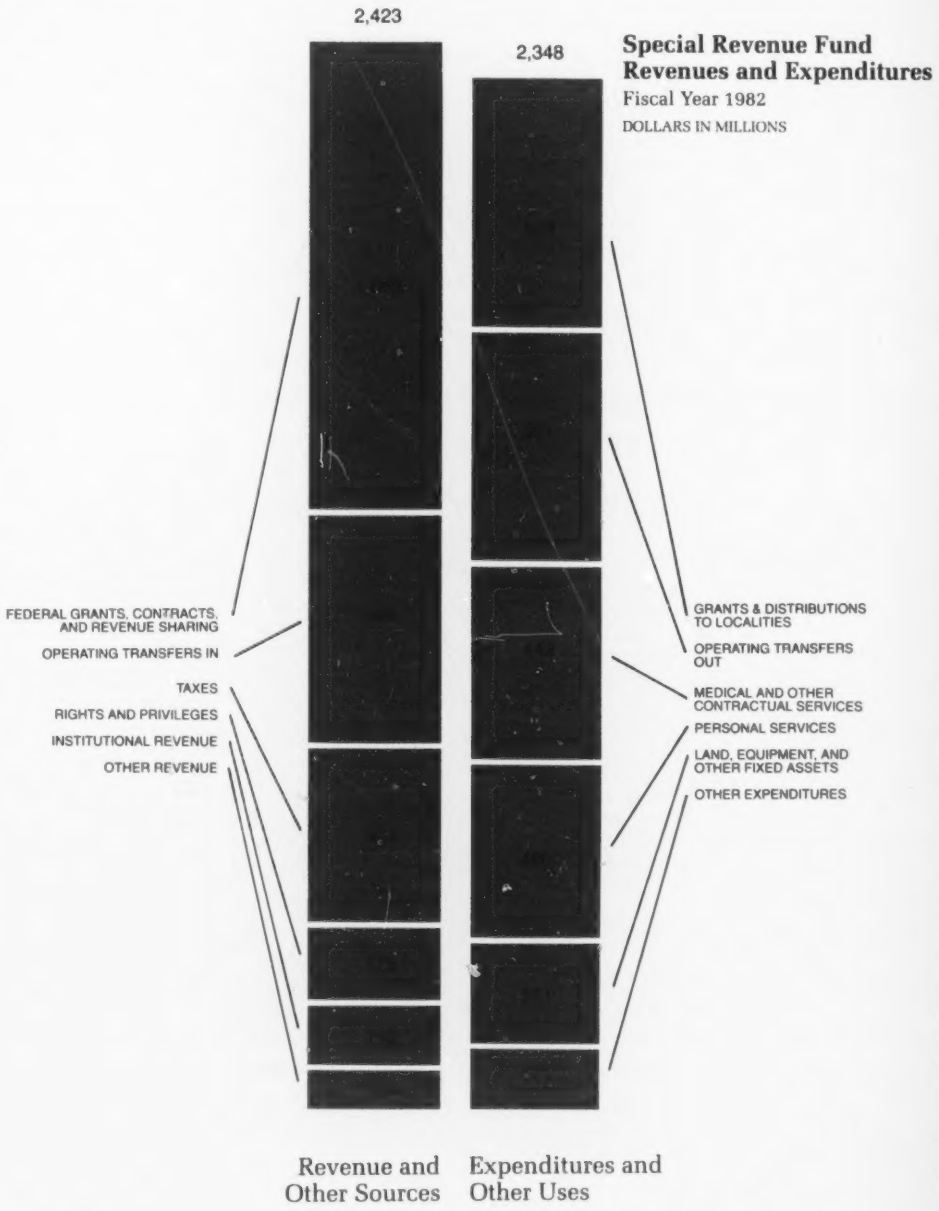
Special Revenue Funds

The Special Revenue Funds are maintained to account for those resources which are restricted to finance particular functions or activities of the Commonwealth. These activities include public health services, highway maintenance and construction, welfare services, port facilities, and state park services. The Special Revenue Funds Combining Statements are presented by branch of government and by secretarial area within the Executive Branch.

Analysis

During 1982, revenues declined by 4% in relation to prior year revenues, primarily as a result of decreases in federal revenues available for highway maintenance and construction purposes. In addition, expenditures declined by 5% compared to the prior year, primarily as a result of reductions in highway maintenance and construction expenditures for land, equipment, and other fixed assets, which were $162 million less than expenditures in the prior year.

Since expenditures for the current year declined more than revenues, the net effect on fiscal 1982 was that revenues exceeded expenditures by $64 million. In addition, other financing sources contributed an additional $11 million, resulting in a total contribution to fund balance of $75 million for the year.



Special Revenue Fund Revenues and Expenditures
Fiscal Year 1982
DOLLARS IN MILLIONS

Combining Balance Sheet
All Special Revenue Funds by Branch of Government—Secretarial Area

June 30, 1982
(Dollars in Thousands)

	Administration and Finance	Commerce and Resources	Education	Executive Transportation
Assets				
Cash and Short-term Investments	$1,803	$ 17,805	$ 6,600	$ 81,751
Cash and Investments with Trustees	—	—	—	39,411
Cash with Departments and Institutions	1	64	5	828
Taxes Receivable (Net)	—	—	—	25,371
Loans and Accounts Receivable (Net)	56	9,942	10,622	7,793
Total Assets	$1,860	$ 27,811	$ 17,227	$ 155,154
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 4	$ 1,073	$ 9,858	$ 36,311
Accrued Interest Payable	64	—	—	—
Deposits	8	9	1	390
Due to Other Funds	1,049	892	397	325
Deferred Revenue	—	20	285	—
Total	1,125	1,994	10,541	37,026
Net Accrual Adjustments	(12)	1,943	765	(3,147)
Total Liabilities	1,113	3,937	11,306	33,879
Fund Equity:				
Unreserved Fund Balance	747	23,874	5,921	121,275
Total Liabilities and Fund Equity	$1,860	$ 27,811	$ 17,227	$ 155,154

Branch			Legislative Branch	Judicial Branch	Independent Agencies	Totals	
Human Resources	Public Safety	Elected Officials				June 30, 1982	June 30, 1981
$ 52,247	$ 2,966	$ 230	$ 60	$ 409	$ 24,220	**$ 188,091**	$ 191,109
—	—	—	—	—	—	**39,411**	35,577
46	—	—	—	3	46	**993**	1,047
—	—	—	—	—	—	**25,371**	—
79,556	269	—	—	10	260	**108,508**	6,564
$ 131,849	$ 3,235	$ 230	$ 60	$ 422	$ 24,526	**$ 362,374**	$ 234,297
$ 26,944	$ 13	$ —	$ —	$ 6	$ 125	**$ 74,334**	$ —
—	—	—	—	—	—	**64**	—
—	—	—	—	—	1	**409**	511
15,390	180	—	—	—	—	**18,233**	91,674
—	—	—	—	—	—	**305**	400
42,334	193	—	—	6	126	**93,345**	92,585
52,612	256	—	—	4	134	**52,555**	—
94,946	449	—	—	10	260	**145,900**	92,535
36,903	2,786	230	60	412	24,266	**216,474**	141,712
$ 131,849	$ 3,235	$ 230	$ 60	$ 422	$ 24,526	**$ 362,374**	$ 234,297

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–All Special Revenue Funds by Branch of Government Secretarial Area

For the Fiscal Year Ended June 30, 1982

(Dollars in Thousands)

	Administration and Finance	Commerce and Resources	Education	Executive Transportation
Revenues:				
Taxes	$ —	$ 2,170	$ 208	$ 386,322
Rights and Privileges	413	19,781	1,435	131,011
Sales of Property and Commodities	502	1,893	36	787
Assessments and Receipts for Support of Special Services	—	425	—	—
Institutional Revenue	—	65	2,027	—
Interest, Dividends, and Rents	—	444	259	218
Fines, Forfeitures, Court Fees, Penalties, and Escheats	—	52	—	598
Federal Grants, Contracts, and Revenue Sharing	206	22,298	174,893	212,083
Receipts from Cities, Counties, and Towns	—	201	—	20,808
Private Donations, Gifts, and Contracts	31	499	—	—
Other	120	2,596	4,829	10,732
Total Revenues	1,272	50,424	183,687	762,559
Expenditures:				
Personal Services	579	20,747	5,825	188,330
Medical and Other Contractual Services	385	10,025	3,765	84,667
Supplies and Materials	47	2,321	679	81,058
Grants and Distributions to Localities	5	8,363	178,492	107,397
Land, Equipment, and Other Fixed Assets	192	2,210	637	224,770
Rent, Insurance, and Other Related Charges	81	1,413	241	9,565
Employee Benefits	88	3,107	777	31,193
Recovery of Costs	—	(48)	(1,094)	(21,488)
Loans and Bonds	—	—	69	163
Other	—	5	4	—
Total Expenditures	1,377	48,143	189,395	705,655
Revenues Over (Under) Expenditures	(105)	2,281	(5,708)	56,904
Other Financing Sources (Uses):				
Appropriation Act Transfers	—	(35)	—	(2,546)
Operating Transfers In	38,175	2,887	11,785	468,181
Operating Transfers Out	(4,952)	(4,632)	(5,560)	(484,648)
Increase in Assets Held by Trustees	—	—	—	14,928
Other Sources (Uses)	—	1	280	—
Total Other Financing Sources (Uses)	33,223	(1,779)	6,505	(4,085)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	33,118	502	797	52,819
Fund Balance, July 1 (as adjusted)	(32,371)	23,372	5,124	68,456
Fund Balance, June 30	$ 747	$ 23,874	$ 5,921	$ 121,275

Branch			Legislative Branch	Judicial Branch	Independent Agencies	Totals	
Human Resources	Public Safety	Elected Officials				Year Ended June 30, 1982	June 30, 1981
$ —	$ 159	$ —	$ —	$ —	$ 18,642	**$ 407,501**	$ 393,923
17,580	16	—	—	950	4,156	**175,342**	173,595
3,282	188	—	—	5	8	**6,701**	6,518
—	94	—	—	—	13,126	**13,645**	8,238
141,303	472	—	—	—	—	**143,867**	119,664
—	7	—	—	—	—	**922**	902
—	—	—	—	2,161	711	**3,522**	3,159
636,296	5,654	25	—	—	89	**1,051,544**	1,161,956
28,525	—	—	—	53	—	**49,587**	43,184
279	—	—	—	—	—	**809**	605
4,410	1,918	24	1	(7)	24	**24,647**	43,962
831,675	8,502	1	24	3,162	36,756	**1,878,087**	1,955,706
172,321	2,206	12	3	383	9,768	**400,174**	360,385
335,715	1,090	14	71	693	5,749	**442,174**	413,388
31,181	1,052	2	2	55	145	**116,542**	132,115
273,450	4,892	—	—	51	18	**572,668**	565,935
2,086	731	1	8	7	281	**230,923**	393,581
11,266	154	—	2	82	1,010	**23,814**	21,474
23,827	346	1	—	62	1,473	**60,874**	50,010
(991)	232	—	—	—	(1,103)	**(24,492)**	(20,753)
—	—	—	—	—	—	**232**	55
(8,353)	—	—	—	—	—	**(8,344)**	(6,503)
840,502	10,703	30	86	1,333	17,341	**1,814,565**	1,909,687
(8,827)	(2,201)	19	(85)	1,829	19,415	**63,522**	46,019
—	—	—	—	—	—	**(2,581)**	(6,997)
5,120	2,625	—	44	409	565	**529,791**	19,823
(15,805)	(2,975)	(117)	(5	(2,180)	(10,542)	**(531,416)**	(46,834)
—	—	—	—	—	—	**14,928**	15,486
220	17	—	—	—	—	**518**	(4,066)
(10,465)	(333)	(117)	39	(1,771)	(9,977)	**11,240**	(22,588)
(19,292)	(2,534)	(98)	(46)	58	9,438	**74,762**	23,431
56,195	5,320	328	106	354	14,828	**141,712**	118,281
$ 36,903	$ 2,786	$ 230	$ 60	$ 412	$ 24,266	**$ 216,474**	$ 141,712

Supplementary Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual Special Revenue Funds

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 403,167	$ 407,501	$ 4,334
Rights and Privileges	173,482	175,342	1,860
Sales of Property and Commodities	5,667	6,701	1,034
Assessments and Receipts for Support of Special Services	10,844	13,645	2,801
Institutional Revenue	132,260	143,867	11,607
Interest, Dividends, and Rents	1,088	922	(166)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	3,398	3,522	124
Federal Grants, Contracts, and Revenue Sharing	1,081,980	1,051,544	(30,436)
Receipts from Cities, Counties, and Towns	39,875	49,587	9,712
Private Donations, Gifts, and Contracts	640	809	169
Other	31,450	24,647	(6,803)
Subsequent Revenue Appropriated	207,902	—	(207,902)
Total Revenues	2,091,753	1,878,087	(213,666)
Expenditures:			
General Government	16,672	9,463	7,209
Education	165,923	136,468	29,455
Transportation	1,019,702	701,151	318,551
Resources and Economic Development	88,028	67,703	20,325
Individual and Family Services	928,218	886,296	41,922
Administration of Justice	18,429	9,665	8,764
Enterprises	4,473	3,819	654
Total Expenditures	2,241,445	1,814,565	426,880
Revenues Over (Under) Expenditures	(149,692)	63,522	213,214
Other Financing Sources (Uses):			
Appropriation Act Transfers	(3,091)	(2,581)	510
Operating Transfers In	529,791	529,791	—
Operating Transfers Out	(517,062)	(517,062)	—
Capital Outlay Transfers	(44,639)	(14,354)	30,285
Increase in Assets Held by Trustees	14,928	14,928	—
Other Sources	518	518	—
Total Other Financing Sources (Uses)	(19,555)	11,240	30,795
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(169,247)	74,762	244,009
Fund Balance, July 1 (as adjusted)	141,712	141,712	—
Fund Balance, June 30	$ (27,535)	$ 216,474	$ 244,009

Supplementary Special Revenue Combining Balance Sheet Highlighting Highway Maintenance and Construction Fund

June 30, 1982 (Dollars in Thousands)

	Highway Maintenance and Construction Fund	Other Special Revenue Funds	Totals June 30, 1982	Totals June 30, 1981
Assets				
Cash and Short-term Investments	$ 71,191	$116,900	**$188,091**	$191,109
Cash and Investments with Trustees	39,411	—	**39,411**	35,577
Cash with Departments and Institutions	838	155	**993**	1,047
Taxes Receivable (Net)	25,371	—	**25,371**	—
Loans and Accounts Receivable (Net)	7,412	101,096	**108,508**	6,564
Total Assets	$144,223	$218,151	**$362,374**	$234,297
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 35,819	$ 38,515	**$ 74,334**	$ —
Accrued Interest Payable	—	64	**64**	—
Deposits	390	19	**409**	511
Due to Other Funds	—	18,233	**18,233**	91,674
Deferred Revenue	—	305	**305**	400
Total	36,209	57,136	**93,345**	92,585
Net Accrual Adjustments	(3,037)	55,592	**52,555**	—
Total Liabilities	33,172	112,728	**145,900**	92,585
Fund Equity:				
Unreserved Fund Balance	111,051	105,423	**216,474**	141,712
Total Liabilities and Fund Equity	$144,223	$218,151	**$362,374**	$234,297

Supplementary Special Revenue Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Highlighting Highway Maintenance and Construction Fund

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

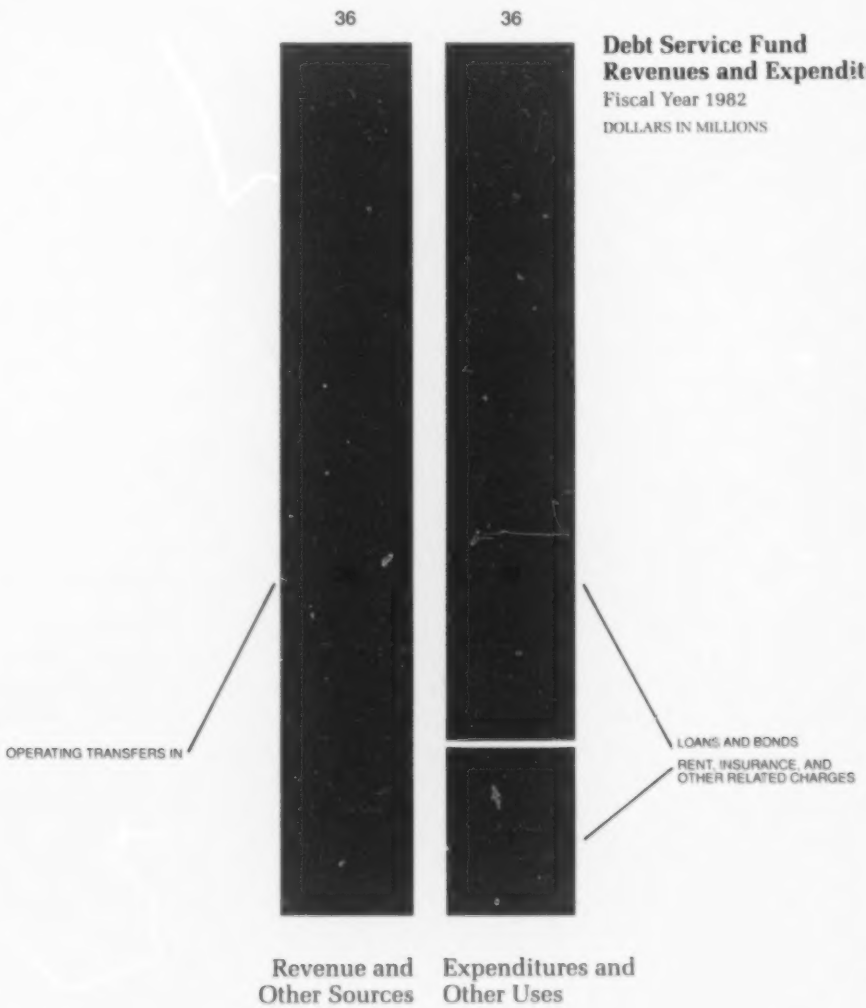
	Highway Maintenance and Construction Fund	Other Special Revenue Funds	Totals Year Ended June 30, 1982	Totals Year Ended June 30, 1981
Revenues:				
Taxes	$ 394,814	$ 12,687	**$ 407,501**	$ 393,923
Rights and Privileges	135,089	40,253	**175,342**	173,595
Sales of Property and Commodities	—	6,701	**6,701**	6,518
Assessments and Receipts for Support of Special Services	—	13,645	**13,645**	8,238
Institutional Revenue	8	143,859	**143,867**	119,664
Interest, Dividends, and Rents	7	915	**922**	902
Fines, Forfeitures, Court Fees, Penalties, and Escheats	2,198	1,324	**3,522**	3,159
Federal Grants, Contracts, and Revenue Sharing	198,042	853,502	**1,051,544**	1,161,956
Receipts from Cities, Counties, and Towns	20,745	28,842	**49,587**	43,184
Private Donations, Gifts, and Contracts	—	809	**809**	605
Other	6,250	18,397	**24,647**	43,962
Total Revenues	757,153	1,120,934	**1,878,087**	1,955,706
Expenditures:				
Personal Services	188,065	212,109	**400,174**	360,385
Contractual Services	82,914	359,260	**442,174**	413,388
Supplies and Materials	80,439	36,103	**116,542**	132,115
Grants and Shared Revenues	98,325	474,343	**572,668**	565,935
Land, Equipment, and Other Fixed Assets	224,407	6,516	**230,923**	393,581
Rent, Insurance, and Other Related Charges	9,316	14,498	**23,814**	21,474
Employee Benefits	31,126	29,748	**60,874**	50,010
Recovery of Costs	(21,494)	(2,998)	**(24,492)**	(20,753)
Loans and Bonds	—	232	**232**	55
Other	—	(8,344)	**(8,344)**	(6,503)
Total Expenditures	693,098	1,121,467	**1,814,565**	1,909,687
Revenues Over (Under) Expenditures	64,055	(533)	**63,522**	46,019
Other Financing Sources (Uses):				
Appropriation Act Transfers	(2,546)	(35)	**(2,581)**	(6,997)
Operating Transfers In	457,319	72,472	**529,791**	19,823
Operating Transfers Out	(483,807)	(47,609)	**(531,416)**	(46,834)
Increase in Assets Held by Trustees	14,928	—	**14,928**	15,486
Other Sources (Uses)	—	518	**518**	(4,066)
Total Other Financing Sources (Uses)	(14,106)	25,346	**11,240**	(22,588)
Revenues and Other Sources Over Expenditures and Other Uses	49,949	24,813	**74,762**	23,431
Fund Balance, July 1 (as adjusted)	61,102	80,610	**141,712**	118,281
Fund Balance, June 30	$ 111,051	$ 105,423	**$ 216,474**	$ 141,712

Debt Service Fund

The Debt Service Fund is maintained to account for the resources accumulated and used for the payment of interest and principal on general long-term debt, including payments for general obligation bonds.

Analysis

Debt service expenditures on all long-term debt housed in the General Long-Term Debt Account Group are made through this fund. For the current year, principal payments on long-term debt amounted to $20.9 million. Interest on this debt amounted to $8.4 million. In addition, mortgage principal and interest on mortgages held by the Virginia Supplemental Retirement System amounted to $7.4 million. The total amount paid for both principal reduction and interest amounts to less than one percent of total governmental fund type expenditures for the year.



Debt Service Fund Revenues and Expenditures
Fiscal Year 1982
DOLLARS IN MILLIONS

Commonwealth of Virginia

Balance Sheet
Debt Service Fund

June 30, 1982, and 1981 (Dollars in Thousands)

	June 30, 1982	June 30, 1981
Assets		
Amount to be Provided for the Retirement of Long-term Debt	$ 372	$ 372
Liabilities and Fund Equity		
Liabilities:		
Matured Debt Payable	$ 372	$ 372
Fund Equity	—	—
Total Liabilities and Fund Equity	$ 372	$ 372

Statement of Revenues, Expenditures, and Changes in Fund Balance
Debt Service Fund

For the Fiscal Years Ended June 30, 1982, and 1981 (Dollars in Thousands)

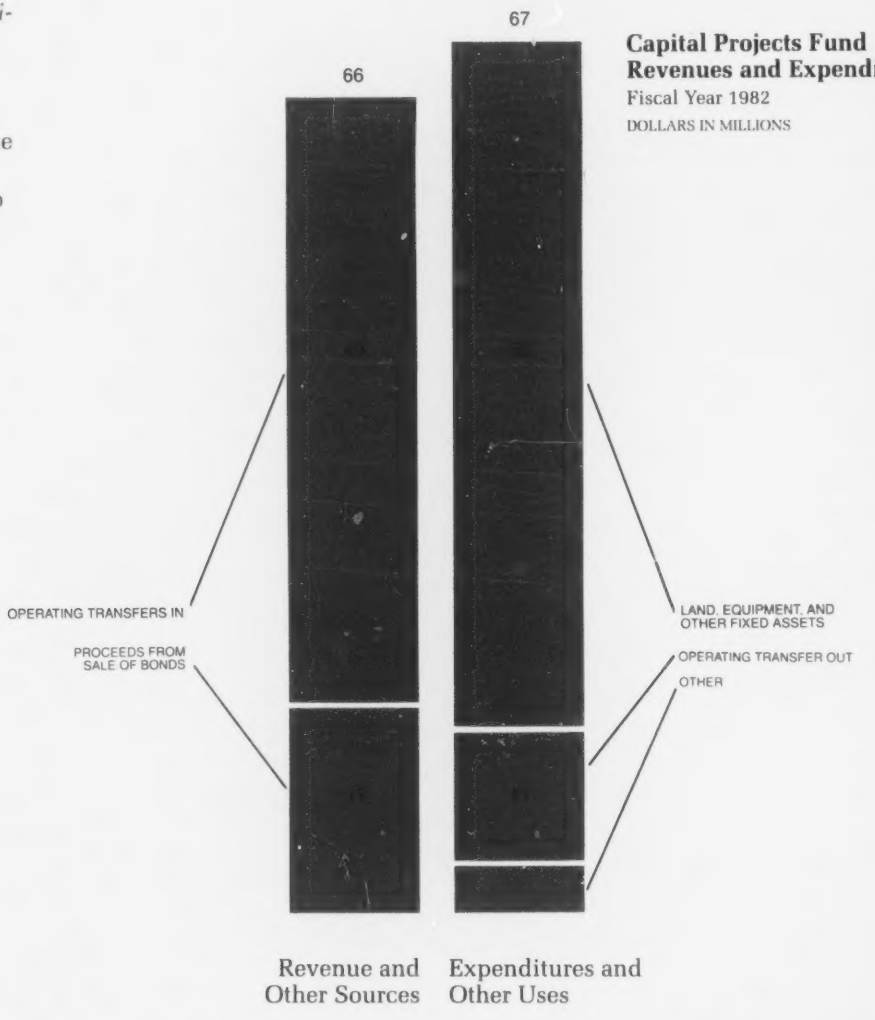
	Year Ended June 30, 1982	Year Ended June 30, 1981
Revenues	$ —	$ —
Expenditures:		
Contractual Services	7	—
Principal and Interest Payments on Real Estate	7,362	6,656
Principal and Interest Payments on Bonds	29,320	29,198
Total Expenditures	36,689	35,854
Revenues Under Expenditures	(36,689)	(35,854)
Other Financing Sources (Uses):		
Operating Transfers In	36,689	35,854
Revenues and Other Sources Over (Under) Expenditures and Other Uses	—	—
Fund Balance, July 1	—	—
Fund Balance, June 30	$ —	$ —

Capital Projects Fund

The Capital Projects Fund is maintained to account for resources received and used for the acquisition, construction, or improvement of certain major governmental general fixed assets financed principally by general obligation bonds or transfers from the General Fund. Capital projects, in general, are for correctional facilities, mental health institutions, parks, and port facilities. Funds for the reimbursement of capital project construction expenditures are held by the Treasurer until such expenditures are made.

Analysis

Capital project expenditures for the governmental funds for the current year were $55.9 million compared to $57.8 million in the prior year.



Capital Projects Fund Revenues and Expenditures
Fiscal Year 1982
DOLLARS IN MILLIONS

Balance Sheet
Capital Projects Fund

June 30, 1982, and 1981 (Dollars in Thousands)

	June 30, 1982	June 30, 1981
Assets		
Cash and Short-term Investments	$ 425	$ 1,669
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	$ 86	$ —
Net Accrual Adjustments	(86)	—
Total Liabilities	—	—
Fund Equity:		
Unreserved Fund Balance	425	1,669
Total Liabilities and Fund Equity	$ 425	$ 1,669

Statement of Revenues, Expenditures, and Changes in Fund Balance Capital Projects Fund

For the Fiscal Years Ended June 30, 1982, and 1981 (Dollars in Thousands)

	Year Ended June 30, 1982	Year Ended June 30, 1981
Revenues:		
Federal Grants, Contracts, and Revenue Sharing	$ —	$ (56)
Other	—	56
Total Revenues	—	—
Expenditures:		
Personal Services	368	227
Medical and Other Contractual Services	90	114
Supplies and Materials	2	—
Land, Equipment, and Other Fixed Assets	55,367	53,837
Employee Benefits	44	43
Loans and Bonds	8	—
Other	—	3,621
Total Expenditures	55,879	57,842
Revenues Under Expenditures	(55,879)	(57,842)
Other Financing Sources (Uses):		
Operating Transfers In	48,549	43,918
Operating Transfers Out	(11,031)	(6,702)
Proceeds from Sale of Bonds	17,117	22,395
Total Other Financing Sources (Uses)	54,635	59,611
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,244)	1,769
Fund Balance, July 1 (as adjusted)	1,669	(100)
Fund Balance, June 30	$ 425	$ 1,669

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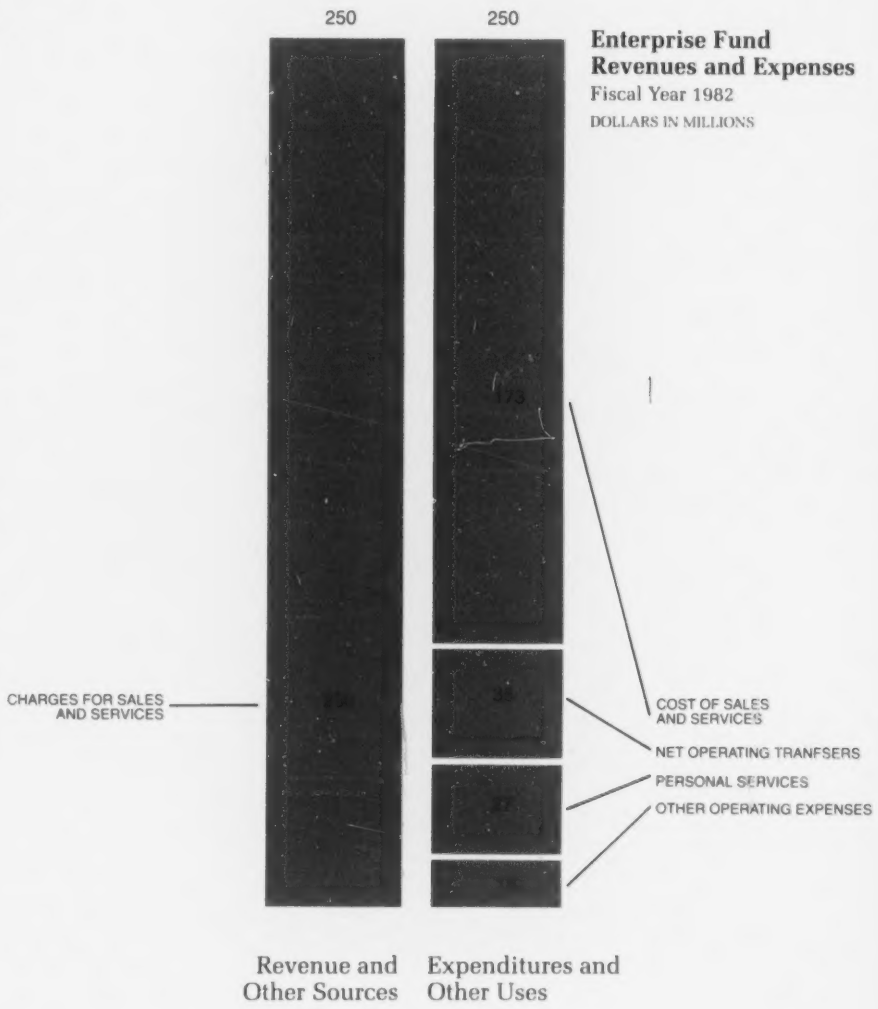
Enterprise Fund

The Enterprise Fund is maintained to account for those operations of State government which render services to the general public in a manner similar to private business enterprises. It is the intent that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges. In Virginia, the only activity included in the Enterprise Fund is the Department of Alcoholic Beverage Control (ABC). The Department operates facilities for the distribution and sale of distilled spirits and wine to the general public. Costs of providing this service on a continuing basis are financed through user charges. The agency is also responsible for enforcing the Commonwealth's alcoholic beverage statutes.

Analysis

During 1982, operating revenues increased by 4.1% as compared to 1981, while operating expenses increased by 4.9%. ABC realized a combined operating and nonoperating income of $34.8 million, and made legislatively mandated transfers of almost the same amount to the General Fund. Of the amount transferred to the General Fund, $18.9 million was allocated back to local governments, $5.7 million was earmarked for expenses incurred by the Department of Mental Health and Mental Retardation for expenses incurred for the care, treatment, study, and rehabilitation of alcoholics, and the remainder used to fund other General Fund programs.



Enterprise Fund Revenues and Expenses
Fiscal Year 1982
DOLLARS IN MILLIONS

Balance Sheet
Enterprise Fund

June 30, 1982, and 1981 (Dollars in Thousands)

	June 30, 1982	June 30, 1981
Assets		
Cash and Short-term Investments	$ 777	$ 2,453
Cash with Departments and Institutions	85	85
Accounts Receivable	1,094	1,033
Inventories	24,453	25,214
Prepaid Expenses	474	510
Fixed Assets:		
Land	1,558	1,505
Buildings (Net of accumulated depreciation)	3,004	3,041
Equipment (Net of accumulated depreciation)	3,712	4,042
Total Assets	$ 35,157	$ 37,883
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	$ 6,102	$ 9,170
Deposits	1,758	1,591
Due to Commercial Institutions	2,000	2,500
Other Liabilities (Undistributed Taxes and Profits)	8,944	9,729
Due to Other Funds	1,446	—
Loans Payable to the General Fund	10,200	10,200
Total Liabilities	30,450	33,190
Fund Equity:		
Retained Earnings	4,707	4,693
Total Liabilities and Fund Equity	$ 35,157	$ 37,883

Statement of Revenues, Expenses, and Changes in Retained Earnings Enterprise Fund

For the Fiscal Years Ended June 30, 1982, and 1981 (Dollars in Thousands)

	Year Ended June 30, 1982	Year Ended June 30, 1981
Operating Revenues:		
Charges for Sales and Services	$250,315	$240,487
Operating Expenses:		
Cost of Sales and Services	172,905	166,428
Personal Services	26,977	24,666
Contractual Services	4,983	4,639
Supplies and Materials	989	970
Grants and Distributions to Localities	37	20
Expendable Equipment	9	7
Depreciation	1,105	1,099
Interest Expense	1,394	1,287
Rent, Insurance, and Other Related Charges	2,946	2,835
Employee Benefits	4,338	3,730
Total Operating Expenses	215,683	205,681
Operating Income	34,632	34,806
Nonoperating Revenue (Expenses):		
Interest, Dividends, and Rent	8	7
Discounts	12	14
Sales of Surplus Property	1	26
Other	150	(169)
Total Nonoperating Revenue (Expenses)	171	(122)
Income Before Operating Transfers	34,803	34,684
Net Operating Transfers	(34,789)	(35,022)
Net Income (Loss)	14	(338)
Retained Earnings, July 1 (as adjusted)	4,693	5,031
Retained Earnings, June 30	$ 4,707	$ 4,693

Statement of Changes in Financial Position
Enterprise Fund

For the Fiscal Years Ended June 30, 1982 and 1981 (Dollars in Thousands)

	Year Ended June 30, 1982	Year Ended June 30, 1981
Sources of Working Capital:		
Operations:		
Income Before Operating Transfers	$ 34,803	$ 34,685
Items Not Requiring Working Capital:		
Depreciation	1,105	1,099
Working Capital Provided by Operations	35,908	35,784
Total Sources of Working Capital	35,908	35,784
Uses of Working Capital:		
Net Acquisition of Property, Plant, and Equipment	790	521
Transfers to General Fund	34,790	35,022
Reduction in Long-term Notes Payable	500	500
Total Uses of Working Capital	36,080	36,043
Net Decrease in Working Capital	$ (172)	$ (259)
Elements of Net Increase (Decrease) in Working Capital:		
Cash and Short-term Investments	$ (1,676)	$ (2,018)
Receivables	61	64
Inventories	(761)	679
Prepaid Expenses	(36)	258
Payables, Deposits, and Other Liabilities	2,240	758
Net Decrease in Working Capital	$ (172)	$ (259)

Supplementary Schedule of Changes to Balance Sheet Cash Basis to Accrual Basis Enterprise Fund

June 30, 1982 (Dollars in Thousands)

	Cash	Accrual	Change Increase (Decrease)
Assets			
Cash and Short-term Investments	$ —	$ 777	$ 777
Cash with Departments and Institutions	85	85	—
Accounts Receivable	1,017	1,094	77
Inventories	—	24,453	24,453
Prepaid Expenses	—	474	474
Fixed Assets:			
Land	—	1,558	1,558
Buildings (Net of accumulated depreciation)	—	3,004	3,004
Equipment (Net of accumulated depreciation)	—	3,712	3,712
Total Assets	$ 1,102	$ 35,157	$ 34,055
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	$ 6,066	$ 6,102	$ 36
Deposits	—	1,758	1,758
Other Liabilities	708	8,944	8,236
Due to Commercial Institutions	—	2,000	2,000
Due to Other Funds	1,381	1,446	65
Loans Payable to General Fund	10,200	10,200	—
Total	18,355	30,450	12,095
Net Accrual Adjustments	(5,049)	—	5,049
Total Liabilities	13,306	30,450	17,144
Fund Equity:			
Retained Earnings	(12,204)	4,707	16,911
Total Liabilities and Fund Equity	$ 1,102	$ 35,157	$ 34,055

Supplementary Schedule of Changes to Statement of Revenues, Expenses, and Changes in Retained Earnings—Cash Basis to Accrual Basis Enterprise Fund

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Cash	Accrual	Change Increase (Decrease)
Operating Revenues:			
Charges for Sales and Services	$ 247,577	$ 250,315	$ 2,738
Other	2,194	—	(2,194)
Total Operating Revenues	249,771	250,315	544
Operating Expenses:			
Cost of Sales and Services	—	172,905	172,905
Personal Services	27,205	26,977	(228)
Contractual Services	4,547	4,983	436
Supplies and Materials	176,021	989	(175,032)
Grants and Distributions to Localities	37	37	—
Expendable Equipment	930	9	(921)
Depreciation	26	1,105	1,079
Interest Expense	—	1,394	1,394
Rent, Insurance, and Other Related Charges	3,131	2,946	(185)
Employee Benefits	4,353	4,338	(15)
Other	1,889	—	(1,889)
Total Operating Expenses	218,139	215,683	$ (2,456)
Operating Income	31,632	34,632	3,000
Nonoperating Revenues (Expenses):			
Interest, Dividends, and Rents	8	8	—
Discounts	—	12	12
Sales of Surplus Property	—	1	1
Other	—	150	150
Total Nonoperating Revenues (Expenses)	8	171	163
Income Before Operating Transfers	31,640	34,803	3,163
Net Operating Transfers	(34,803)	(34,789)	14
Net Income (Loss)	(3,163)	14	3,177
Retained Earnings, July 1 (as adjusted)	(9,041)	4,693	13,734
Retained Earnings, June 30	$ (12,204)	$ 4,707	$ 16,911

Internal Service Funds

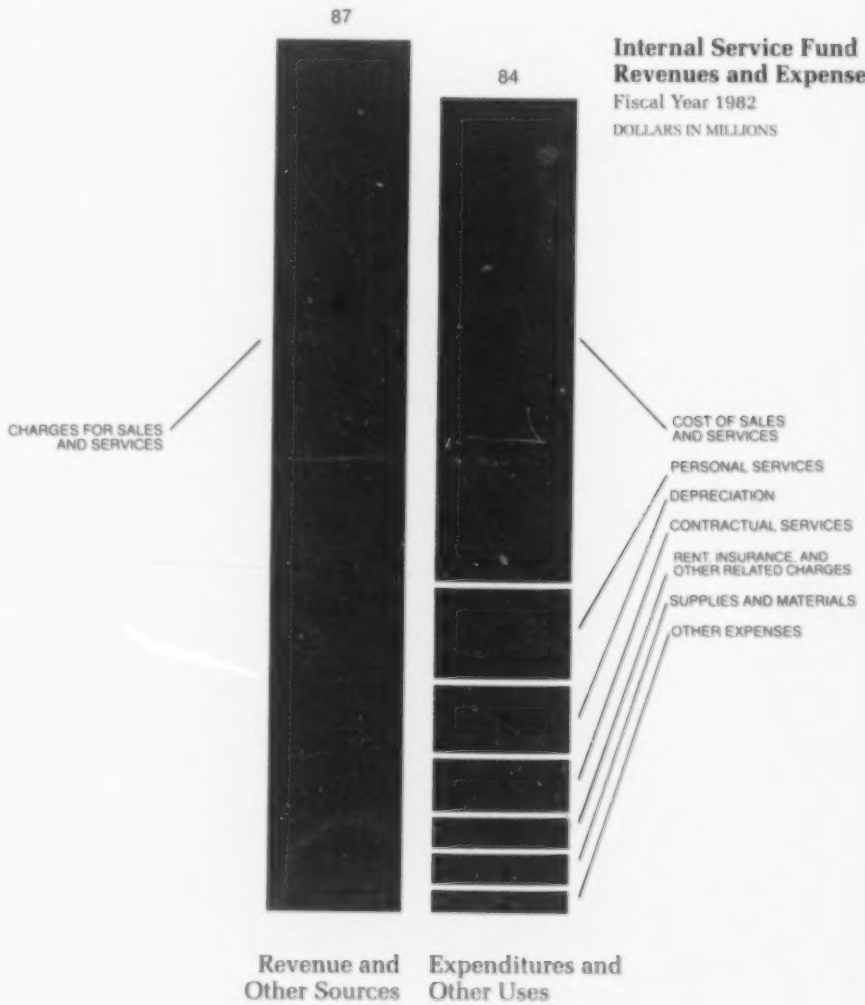
Internal Service Funds are maintained to account for the operations of State agencies which render services to other State agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis. The following are the Internal Service Fund activities of the Commonwealth, and their functions:

- *Department of Telecommunications—to account for the installation and maintenance of the State government's telephone system.*
- *Department of Computer Services—to account for the use and development of the Commonwealth's data processing system.*
- *Department of Management Analysis and Systems Development—to account for the development of automated systems.*
- *Central Warehouse—to account for supplies purchased for and used by State agencies.*
- *Printing and Graphics—to account for the activities of the Commonwealth's printing and graphics design division.*
- *Central Garage—to account for the activities of the Commonwealth's motor vehicle pool.*
- *Bureau of Industrial Enterprises—to account for the manufacturing activities of the State's correctional facilities.*

Analysis

The Internal Service Funds maintained a similar financial position in 1982 as in 1981. For fiscal 1982, Internal Service Funds received $86.7 million in revenues. Expenses for the same period came to $83.8 million, yielding an operating income of $2.9 million. Additionally, net non-operating revenues of $156 thousand combined with the operating income noted above to increase the Internal Service Fund Equity by $3.1 million.

Internal Service Fund Revenues and Expenses
Fiscal Year 1982
DOLLARS IN MILLIONS



Combining Balance Sheet
Internal Service Funds

June 30, 1982
(Dollars in Thousands)

	Telecommunications	Computer Services	Management Analysis and Systems Development
Assets			
Cash and Short-term Investments	$ (568)	$ 1,846	$ 274
Cash with Departments and Institutions	6	10	8
Accounts Receivable (Net)	963	203	52
Inventories	—	143	—
Prepaid Expenses	—	29	—
Fixed Assets:			
Land	—	—	—
Buildings (Net of accumulated depreciation)	—	—	—
Equipment (Net of accumulated depreciation)	—	6,363	41
Construction in Progress	—	—	—
Total Assets	$ 401	$ 8,594	$ 375
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	$ —	$ 60	$ 3
Other Payables	—	—	1
Due to Commercial Institutions	—	7,343	—
Loans Payable to General Fund	375	1,750	175
Deferred Revenue	—	—	—
Total Liabilities	375	9,153	179
Fund Equity:			
Contributed Capital	—	—	—
Retained Earnings	26	(559)	196
Total Fund Equity	26	(559)	196
Total Liabilities and Fund Equity	$ 401	$ 8,594	$ 375

Central Warehouse	Printing and Graphics	Central Garage	Industrial Enterprises	Totals June 30, 1982	Totals June 30, 1981
$ 220	$ 216	$ 3,826	$ 4,638	**$10,452**	$ 7,363
—	—	—	1	**25**	19
613	21	951	790	**3,593**	5,476
2,416	—	—	4,493	**7,052**	7,533
2	—	—	—	**31**	50
160	—	—	95	**255**	255
776	—	—	997	**1,773**	1,794
488	8	9,452	2,144	**18,496**	19,886
—	—	326	—	**326**	20
$ 4,675	$ 245	$14,555	$13,158	**$42,003**	$42,396
$ 262	$ —	$ 463	$ 176	**$ 964**	$ 3,069
—	—	—	—	**1**	25
—	—	—	—	**7,343**	8,830
3,000	280	—	—	**5,580**	5,580
—	4	—	198	**202**	88
3,262	284	463	374	**14,090**	17,592
—	—	1,738	3,630	**5,368**	5,368
1,413	(39)	12,354	9,154	**22,545**	19,436
1,413	(39)	14,092	12,784	**27,913**	24,804
$ 4,675	$ 245	$14,555	$13,158	**$42,003**	$42,396

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Internal Service Funds

For the Fiscal Year Ended June 30, 1982

(Dollars in Thousands)

	Telecommunications	Computer Services	Management Analysis and Systems Development
Operating Revenues:			
Charges for Sales and Services	$26,106	$17,469	$ 3,510
Total Operating Revenues	26,106	17,469	3,510
Operating Expenses:			
Cost of Sales and Services	24,306	—	—
Personal Services	1,085	4,389	2,567
Contractual Services	270	2,815	235
Supplies and Materials	17	643	9
Grants	—	2	2
Expendable Equipment	142	19	13
Depreciation	—	5,334	4
Rent, Insurance, and Other Related Charges	69	3,646	251
Employee Benefits	157	650	372
Other	—	—	—
Total Operating Expenses	26,046	17,498	3,453
Operating Income (Loss)	60	(29)	57
Nonoperating Revenues (Expenses):			
Interest, Dividends, and Rent	—	—	—
Discounts	—	—	—
Sales of Surplus Property	—	1	1
Other	—	(184)	(13)
Total Nonoperating Revenues (Expenses)	—	(183)	(12)
Net Income (Loss)	60	(212)	45
Retained Earnings, July 1 (as adjusted)	(34)	(347)	151
Retained Earnings, June 30	$ 26	$ (559)	$ 196

Central Warehouse	Printing and Graphics	Central Garage	Industrial Enterprise	Totals Year Ended June 30, 1982	Totals Year Ended June 30, 1981
$21,148	$ 109	$ 9,247	$ 9,125	**$86,714**	$74,420
21,148	109	9,247	9,125	**86,714**	74,420
20,116	10	—	6,578	**51,010**	44,896
545	48	266	781	**9,681**	8,123
344	36	1,444	202	**5,346**	4,460
106	1	2,740	74	**3,590**	3,652
—	—	—	3	**7**	3
47	—	—	—	**221**	128
93	1	2,314	406	**8,152**	6,373
40	4	295	62	**4,367**	3,107
87	7	—	118	**1,391**	1,064
—	—	1	—	**1**	615
21,378	107	7,060	8,224	**83,766**	72,421
(230)	2	2,187	901	**2,948**	1,999
3	—	—	—	**3**	17
112	—	—	—	**112**	104
4	4	202	—	**212**	207
1	—	—	25	**(171)**	759
120	4	202	25	**156**	1,087
(110)	6	2,389	926	**3,104**	3,086
1,523	(45)	9,965	8,228	**19,441**	16,350
$ 1,413	$ (39)	$12,354	$ 9,154	**$22,545**	$19,436

Combining Statement of Changes in Financial Position
Internal Service Funds

For the Fiscal Year Ended June 30, 1982

(Dollars in Thousands)

	Telecommunications	Computer Services	Management Analysis and Systems Development
Sources of Working Capital:			
Operations:			
Income (Loss) Before Operating Transfers	$ 60	$ (212)	$ 45
Items Not Requiring Working Capital:			
Depreciation	—	5,334	4
Working Capital Provided by Operations	60	5,122	49
Long-term Notes Payable Issued	—	2,117	—
Contributions from General Fund (Per Appropriations Act)	—	—	—
Contributions—Other	—	—	—
Total Sources of Working Capital	60	7,239	49
Uses of Working Capital:			
Net Acquisition of Property, Plant, and Equipment	—	3,210	27
Reduction in Long-term Debt Payable	—	3,602	1
Increase in Construction in Progress	—	—	—
Reduction in Retained Earnings Due to Prior Period Adjustment	—	—	—
Total Uses of Working Capital	—	6,812	28
Net Increase (Decrease) in Working Capital	$ 60	$ 427	$ 21
Elements in Net Increase (Decrease) in Working Capital:			
Cash	$ (1,487)	$ 1,121	$ (89)
Receivables	(183)	(761)	(11)
Inventories	—	(26)	—
Prepaid Expenses	—	(9)	—
Payables, Deposits, and Other Liabilities	1,730	102	121
Deferred Revenue	—	—	—
Capital Appropriated	—	—	—
Net Increase (Decrease) in Working Capital	$ 60	$ 427	$ 21

Central Warehouse	Printing and Graphics	Central Garage	Industrial Enterprises	Totals Year Ended June 30, 1982	Totals Year Ended June 30, 1981
$ (110)	$ 6	$ 2,389	$ 926	**$ 3,104**	$ 3,086
93	1	2,314	406	**8,152**	6,373
(17)	7	4,703	1,332	**11,256**	9,459
—	—	—	—	**2,117**	—
—	—	—	—	**—**	500
—	—	—	—	**—**	156
(17)	7	4,703	1,332	**13,373**	10,115
201	1	2,702	581	**6,722**	4,503
—	—	—	—	**3,603**	2,212
—	—	321	—	**321**	—
—	—	—	—	**—**	731
201	1	3,023	581	**10,646**	7,446
$ (218)	$ 6	$ 1,680	$ 751	**$ 2,727**	$ 2,669
$ (56)	$ (1)	$ 1,771	$ 1,836	**$ 3,095**	$ 279
(249)	19	(22)	(676)	**(1,883)**	296
94	(9)	—	(540)	**(481)**	2,159
(4)	—	—	(6)	**(19)**	9
(3)	1	(69)	247	**2,129**	(1,243)
—	(4)	—	(110)	**(114)**	146
—	—	—	—	**—**	1,023
$ (218)	$ 6	$ 1,680	$ 751	**$ 2,727**	$ 2,669

Supplementary Schedule of Changes to Balance Sheet Cash Basis to Accrual Basis Internal Service Funds

June 30, 1982

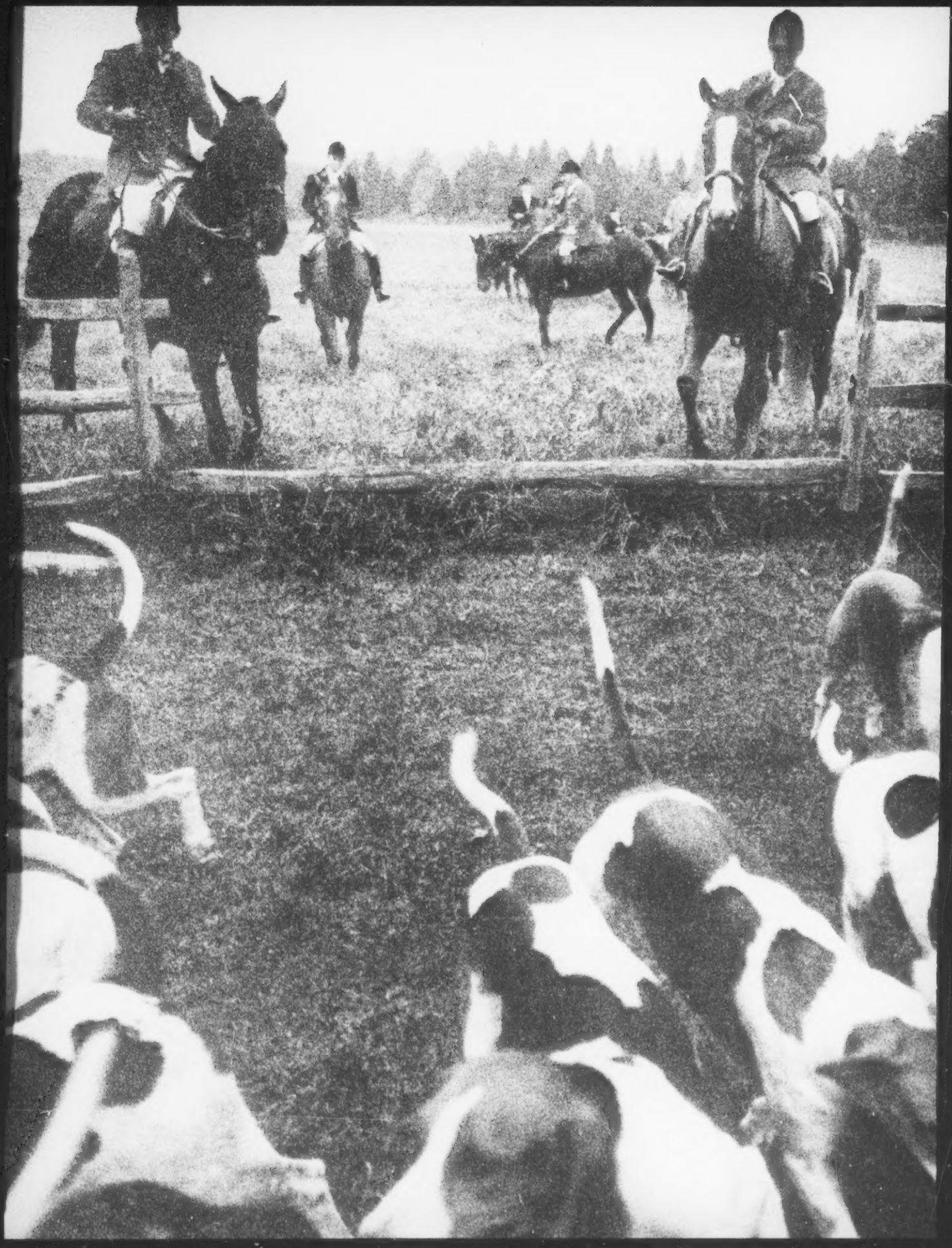
(Dollars in Thousands)

	Cash	Accrual	Change Increase (Decrease)
Assets			
Cash and Short-term Investments	$ 10,470	$ 10,452	$ (18)
Cash with Departments and Institutions	25	25	—
Accounts Receivable (Net)	3,575	3,593	18
Inventories	—	7,052	7,052
Prepaid Expenses	—	31	31
Fixed Assets:			
Land	—	255	255
Buildings (Net of accumulated depreciation)	—	1,773	1,773
Equipment (Net of accumulated depreciation)	—	18,496	18,496
Construction in Progress	—	326	326
Total Assets	$ 14,070	$ 42,003	$ 27,933
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	$ 9,444	$ 964	$ (8,480)
Deposits	—	—	—
Other Payables	—	1	1
Due to Commercial Institutions	—	7,343	7,343
Due to Other Funds	—	—	—
Advances from General Fund	5,580	5,580	—
Deferred Revenue	—	202	202
Total	15,024	14,090	(934)
Net Accrual Adjustments	(5,869)	—	5,869
Total Liabilities	9,155	14,090	4,935
Fund Equity:			
Contributed Capital	—	5,368	5,368
Retained Earnings	4,915	22,545	17,630
Total Fund Equity	4,915	27,913	22,998
Total Liabilities and Fund Equity	$ 14,070	$ 42,003	$ 27,933

Supplementary Schedule of Changes to Statement of Revenues, Expenses, and Changes in Retained Earnings—Cash Basis to Accrual Basis Internal Service Funds

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Cash	Accrual	Change Increase (Decrease)
Operating Revenues:			
Charges for Sales and Services	$ 69,148	$ 86,714	$ 17,566
Institutional Revenue	8,591	—	(8,591)
Other	547	—	(547)
Total Operating Revenues	78,286	86,714	8,428
Operating Expenses:			
Cost of Sales and Services	—	51,010	51,010
Personal Services	11,039	9,681	(1,358)
Contractual Services	30,905	5,346	(25,559)
Supplies and Materials	27,087	3,590	(23,497)
Grants	7	7	—
Expendable Equipment	4,335	221	(4,114)
Depreciation	—	8,152	8,152
Rent, Insurance, and Other Related Charges	9,576	4,367	(5,209)
Employee Benefits	1,549	1,391	(158)
Recovery of Costs	(17)	—	17
Other	—	1	1
Total Operating Expenses	84,481	83,766	(715)
Nonoperating Income (Loss)	(6,195)	2,948	9,143
Nonoperating Revenues (Expenses):			
Interest, Dividends, and Rents	9,274	3	(9,271)
Discounts	—	112	112
Sales of Surplus Property	—	212	212
Other	—	(171)	(171)
Total Nonoperating Revenues (Expenses)	9,274	156	(9,118)
Net Income	3,079	3,104	25
Retained Earnings, July 1 (as adjusted)	1,836	19,441	17,605
Retained Earnings, June 30	$ 4,915	$ 22,545	$ 17,630



Trust and Agency Funds

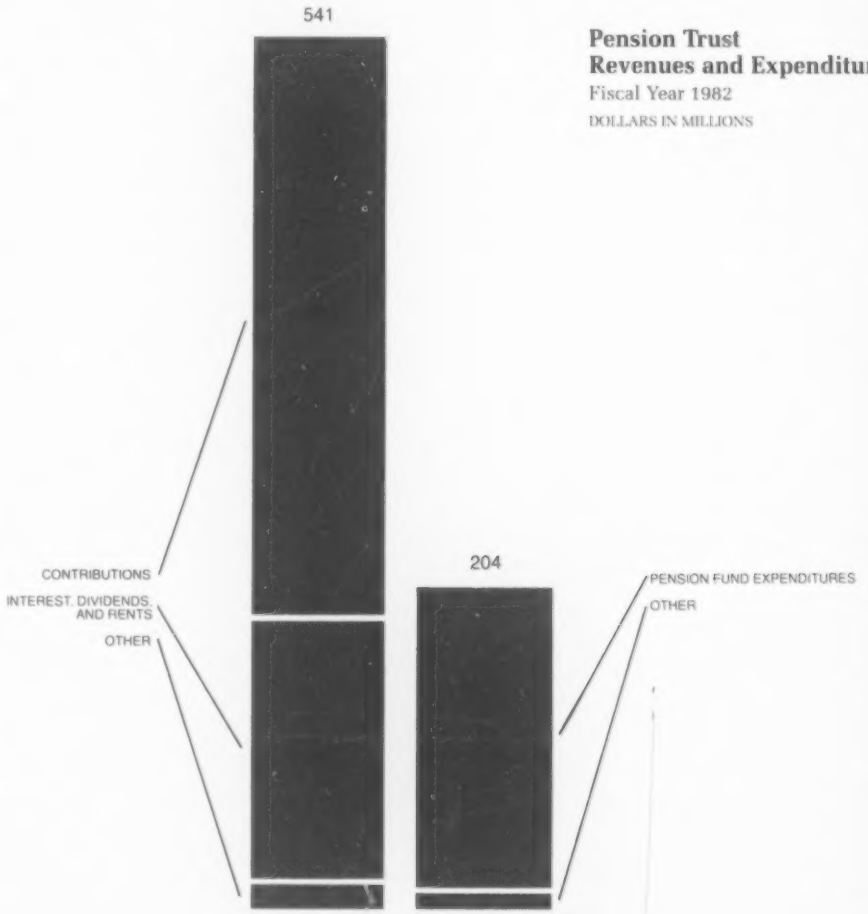
Trust and Agency Funds are maintained to account for assets held by the Commonwealth in the capacity of a trustee or agent. The funds include a pension trust, a nonexpendable trust, and numerous expendable fiduciary funds. The Pension Trust reflects the activities of the retirement system administered by the Commonwealth. The nonexpendable trust is the Rural Rehabilitation Trust, and is administered by the Department of Agriculture and Consumer Services.

Analysis

Pension trust and nonexpendable trust revenues increased 12.0%, while expenditures increased 10.8% from the prior year. The revenue increase was a result of a 12.0% increase in retirement system member contributions for the year. In addition, nonoperating revenues from interest, dividends, and rents on Pension Trust investments increased 21.2% over the prior year. As a result, $337.5 million was added to the fund balance for the year (an increase of 3.5% over the prior year).

The Expendable Trust and Agency Fund is primarily influenced by the activity of one agency, the Virginia Employment Commission (VEC). VEC revenue decreased 10.5% from the prior year, primarily as a result of a decrease in federal grants associated with the CETA program. This decrease was somewhat offset by an increase in revenue received from employers for employment compensation insurance due to a rate increase during the year. VEC expenditures decreased 6.7% from the prior year, primarily as a result of a decrease in grants and shared revenue in relation to a curtailment in the CETA program. This decrease was somewhat offset by an increase in unemployment benefits paid out as a result of an increase in unemployment in the State. For the current year, revenues of the expendable trusts exceeded expenditures by $5.0 million and operating transfers added another $24.3 million. The result was a $29.3 million increase in the fund balance.

Pension Trust
Revenues and Expenditures
Fiscal Year 1982
DOLLARS IN MILLIONS



Combining Balance Sheet
All Trust and Agency Funds

June 30, 1982 (Dollars in Thousands)

	Expendable Trusts		Pension Trust	Nonexpendable Trusts	Totals	
	Virginia Employment Commission	Other Expendable Trusts			June 30, 1982	June 30, 1981
Assets						
Cash and Short-term Investments	$ 7,031	$ 88,081	$ 4,516	$ 1,766	**$ 101,394**	$ 79,069
Cash and Investments with Trustees	34,174	34,381	—	—	**68,555**	97,660
Cash with Departments and Institutions	65	—	34	—	**99**	75
Loans and Accounts Receivable (Net)	20,247	38,773	58,017	700	**117,737**	85,210
Other Receivables	—	—	10,684	—	**10,684**	68
Investments						
Bonds	—	63,091	1,058,863	—	**1,121,954**	1,035,887
Stocks	—	—	811,152	—	**811,152**	736,219
Short-term Securities	—	42,400	213,534	—	**255,934**	193,184
Other Securities	—	54,330	22,459	—	**76,789**	88,651
Real Estate	—	—	224,881	—	**224,881**	81,608
Fixed Assets:						
Equipment (Net of accumulated depreciation)	—	—	—	5	**5**	6
Total Assets	$ 61,517	$ 321,056	$ 2,404,140	$ 2,471	**$ 2,789,184**	$ 2,397,637
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	$ 15,979	$ 598	$ 18,203	$ —	**$ 34,780**	$ 15,652
Amounts due to Localities	—	20,490	—	—	**20,490**	19,160
Accrued Interest Payable	—	1	—	—	**1**	—
Deposits	54	11,642	—	—	**11,696**	8,398
Other Liabilities	—	—	10,835	—	**10,835**	165
Due to Other Funds	—	2,000	—	—	**2,000**	2,000
Total	16,033	34,731	29,038	—	**79,802**	45,375
Net Accrual Adjustments	4,268	11,500	—	—	**15,768**	—
Total Liabilities	20,301	46,231	29,038	—	**95,570**	45,375
Fund Equity:						
Unreserved Fund Balance	41,216	274,825	2,375,102	2,471	**2,693,614**	2,352,262
Total Liabilities and Fund Equity	$ 61,517	$ 321,056	$ 2,404,140	$ 2,471	**$ 2,789,184**	$ 2,397,637

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Expendable Trusts

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Virginia Employment Commission	Other Expendable Trusts	Totals Year Ended June 30, 1982	Totals Year Ended June 30, 1981
Revenues:				
Taxes	$172,951	$ 765	**$173,716**	$141,719
Rights and Privileges	—	10,620	**10,620**	10,334
Assessments and Receipts for Support of Special Services	—	3,195	**3,195**	3,142
Interest, Dividends, and Rents	8,405	18,431	**26,836**	21,467
Fines, Forfeitures, Court Fees, Penalties, and Escheats	—	15,905	**15,905**	13,404
Federal Grants, Contracts, and Revenue Sharing	73,294	—	**73,294**	134,875
Receipts from Cities, Counties, and Towns	—	3,281	**3,281**	1,715
Other	14,170	520	**14,690**	29,261
Total Revenues	268,820	52,717	**321,537**	355,917
Expenditures:				
Personal Services	25,812	3,365	**29,177**	32,091
Contractual Services	6,148	2,836	**8,984**	9,946
Supplies and Materials	601	264	**865**	1,052
Grants and Distributions to Localities	45,681	385	**46,066**	95,693
Land, Equipment, and Other Fixed Assets	530	4,706	**5,236**	3.026
Rent, Insurance, and Other Related Charges (including Statewide unemployment compensation payments)	217,424	4,361	**221,785**	192,068
Employee Benefits	3,861	519	**4,380**	4,310
Other	—	(1)	**(1)**	—
Total Expenditures	300,057	16,435	**316,492**	338,186
Revenues Over (Under) Expenditures	(31,237)	36,282	**5,045**	17,731
Other Financing Sources (Uses):				
Operating Transfers In	222,837	31,434	**254,271**	217,051
Operating Transfers Out	(187,477)	(53,491)	**(240,968)**	(224,200)
Trust Fund Receipts Over (Under) Disbursements	—	14,435	**14,435**	(4,176)
Net Increase (Decrease) in Assets Held by Trustees	(32,888)	3,925	**(28,963)**	(34,624)
Net Gain on Sale of Investments	—	1	**1**	139
Total Other Financing Sources (Uses)	2,472	(3,696)	**(1,224)**	(45,810)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(28,765)	32,586	**3,821**	(28,079)
Fund Balance, July 1 (as adjusted)	69,981	242,239	**312,220**	340,299
Fund Balance, June 30	$ 41,216	$ 274,825	**$ 316,041**	$ 312,220

Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Pension Trust and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Pension Trust	Nonexpendable Trust	Totals Year Ended June 30, 1982	Totals Year Ended June 30, 1981
Operating Revenues:				
Contributions	$ 359,996	$ —	**$ 359,996**	$ 321,504
Other	93	71	**164**	—
Total Operating Revenues	360,089	71	**360,160**	321,504
Operating Expenses:				
Personal Services	—	45	**45**	39
Contractual Services	—	4	**4**	2
Grants and Distributions to Localities	—	11	**11**	7
Depreciation	—	1	**1**	1
Employee Benefits	—	7	**7**	6
Pension Fund Expenditures	201,857	—	**201,857**	182,180
Total Operating Expenses	201,857	68	**201,925**	182,235
Operating Income	158,232	3	**158,235**	139,269
Nonoperating Revenues (Expenses):				
Interest, Dividends, and Rent	177,384	279	**177,663**	146,549
Net Gain (Loss) on Sale of Investments	(1,807)	—	**(1,807)**	36,931
Total Nonoperating Revenues (Expenses)	175,577	279	**175,856**	183,480
Income Before Operating Transfers	333,809	282	**334,091**	322,749
Net Operating Transfers	3,440	—	**3,440**	3,334
Net Income	337,249	282	**337,531**	326,083
Fund Balance, July 1 (as adjusted)	2,037,853	2,189	**2,040,042**	1,713,959
Fund Balance, June 30	$2,375,102	$ 2,471	**$2,377,573**	$2,040,042

Combining Statement of Changes in Financial Position
Pension Trust and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

	Pension Trust	Nonexpendable Trust	Totals Year Ended June 30, 1982	Totals Year Ended June 30, 1981*
Sources of Working Capital:				
Operations:				
Income Before Operating Transfers	$333,809	$ 282	**$334,091**	$322,562
Items Not Requiring Working Capital:				
Depreciation	—	1	**1**	—
Amortization of Net Loss on Securities Exchanged	7,486	—	**7,486**	7,486
Working Capital Provided by Operations	341,295	283	**341,578**	330,048
Transfers from Other Funds	3,440	—	**3,440**	3,334
Total Sources of Working Capital	344,735	283	**345,018**	333,382
Uses of Working Capital	—	—	**—**	—
Net Increase in Working Capital	$344,735	$ 283	**$345,018**	$333,382
Elements of Net Increase (Decrease) in Working Capital:				
Cash and Short-term Investments	$ 2,429	$ 241	**$ 2,670**	$ 4,155
Short-term Securities	51,050	—	**51,050**	(36,890)
Other Investments	288,288	—	**288,288**	358,447
Receivables	16,196	36	**16,232**	11,704
Payables, Deposits, and Other Liabilities	(10,968)	6	**(10,962)**	(201)
Retirement Benefits Payable	(1,433)	—	**(1,433)**	(1,225)
Retirement Refunds Payable	(827)	—	**(827)**	(2,608)
Net Increase In Working Capital	$344,735	$ 283	**$345,018**	$333,382

*The 1981 figures include Pension Trust only.

Supplementary Schedule of Changes to Balance Sheet Cash Basis to Accrual Basis Pension Trust and Nonexpendable Trust Funds

June 30, 1982 (Dollars in Thousands)

	Pension Trust			Nonexpendable Trust		
	Cash	Accrual	Change Increase (Decrease)	Cash	Accrual	Change Increase (Decrease)
Assets						
Cash and Short-term Investments	$ (8,048)	$ 4,516	$ 12,564	$ 1,766	$ 1,766	$ —
Cash with Departments and Institutions	2	34	32	—	—	—
Loans and Accounts Receivable (Net)	56,404	58,017	1,613	700	700	—
Due from Other Funds	—	10,684	10,684	—	—	—
Investments						
Bonds	1,050,198	1,058,863	8,665	—	—	—
Stocks	822,379	811,152	(11,227)	—	—	—
Short-term Securities	225,627	213,534	(12,093)	—	—	—
Other Securities	22,459	22,459	—	—	—	—
Real Estate	225,571	224,881	(690)	—	—	—
Fixed Assets:						
Equipment (Net of accumulated depreciation)	—	—	—	—	5	5
Total Assets	$2,394,592	$2,404,140	$ 9,548	$ 2,466	$ 2,471	$ 5
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	$ 15,588	$ 18,203	$ 2,615	$ —	$ —	$ —
Deposits	212	—	(212)	—	—	—
Due to Other Funds	—	10,835	10,835	—	—	—
Total	15,800	29,038	13,238	—	—	—
Net Accrual Adjustments	73,238	—	(73,238)	65	—	(65)
Total Liabilities	89,038	29,038	(60,000)	65	—	(65)
Fund Equity:						
Unreserved Fund Balance	2,305,554	2,375,102	69,548	2,401	2,471	70
Total Liabilities and Fund Equity	$2,394,592	$2,404,140	$ 9,548	$ 2,466	$ 2,471	$ 5

Supplementary Schedule of Changes to Statement of Revenues, Expenses, and Changes in Fund Balances—Cash Basis to Accrual Basis Pension Trust and Nonexpendable Trust Funds

For the Fiscal Year ended June 30, 1982 (Dollars in Thousands)

	Pension Trust			Nonexpendable Trust		
	Cash	Accrual	Change Increase (Decrease)	Cash	Accrual	Change Increase (Decrease)
Operating Revenues:						
Contributions	$ 875,525	$ 359,996	$ (515,529)	$ —	$ —	$ —
Other	—	93	93	—	71	71
Total Operating Revenues	875,525	360,089	(515,436)	—	71	71
Operating Expenses:						
Personal Services	1,720	—	(1,720)	45	45	—
Contractual Services	3,177	—	(3,177)	4	4	—
Supplies and Materials	81	—	(81)	—	—	—
Grants and Distributions to Localities	7	—	(7)	11	11	—
Land, Equipment, and Other Fixed Assets	15	—	(15)	—	—	—
Depreciation	—	—	—	—	1	1
Rent, Insurance, and Other Related Charges	140	—	(140)	—	—	—
Employee Benefits	249	—	(249)	7	7	—
Pension Fund Expenditures	182,991	201,857	18,866	—	—	—
Trust Fund Expenditures	382,297	—	(382,297)	—	—	—
Total Operating Expenses	570,677	201,857	(368,820)	67	68	1
Operating Income (Loss)	304,848	158,232	(146,616)	(67)	3	70
Nonoperating Revenues (Expenses):						
Interest, Dividends, and Rents	756	177,384	176,628	279	279	—
Net Loss on Sale of Investments	(591)	(1,807)	(1,216)	—	—	—
Total Nonoperating Revenues (Expenses)	165	175,577	175,412	279	279	—
Income Before Operating Transfers	305,013	333,809	28,796	212	282	70
Net Operating Transfers	14,914	3,440	(11,474)	—	—	—
Net Income	319,927	337,249	17,322	212	282	70
Fund Balance, July 1 (as adjusted)	1,985,627	2,037,853	52,226	2,189	2,189	—
Fund Balance, June 30	$2,305,554	$2,375,102	$ 69,548	$ 2,401	$ 2,471	$ 70

General Long-Term Debt Account Group

The General Long-Term Debt Account group is utilized to account for the outstanding principal balances of the Commonwealth's general obligation bonds for capital projects and certain revenue-producing capital projects, except for those accounted for in the Higher Education Fund. The following bonds comprise this account group:

- *Higher Educational and Mental Hospital Institution Bonds, Series 1969—issued in the amount of $81,000,000, payable in annual installments of $5,700,000 for 1971 and 1972, and $5,800,000 annually from 1973 through 1984. Interest of 4.50% through 4.70% is payable each February 1 and August 1.*
- *Public Facilities Bonds, Series 1978—issued in the amount of $125,000,000, payable in annual installments of $6,575,000, through 1997, with an initial payment of $6,650,000 on August 1, 1979. Interest of 4.40% through 4.90% is payable each February 1 and August 1.*
- *Transportation Facilities Bonds, Series 1973—issued in the amount of $103,000,000. $56,000,000 is payable in varying amounts from $7,000,000 to $8,750,000 annually through 1992, with interest of 4.25% through 6.00% payable June 1 and December 1. The remaining amount of $47,000,000 is payable June 1, 1993, with interest of 4.75%.*

Analysis

No new general obligation bonds of the type presented in this account group were issued during fiscal year 1982. Principal payments of $20.9 million during the year reduced the general obligation bonds in this account group from $184.7 million to $163.8 million. As a result of Virginia's conservative stance on debt incurrance and other factors, Virginia is one of the few states to consistently maintain a "triple A" bond rating.

Statement of Changes in General Long-Term Debt
General Long-Term Debt Account Group

For the Year Ended June 30, 1982 (Dollars in Thousands)

	Balance July 1, 1981	General Obligation Bonds Issued	General Obligation Bonds Retired	Balance June 30, 1982
Amount to be Provided for Retirement of Long-term Debt:				
Higher Educational and Mental Hospital Institutional Bonds, Series 1969	$ 17,400	$ —	$ 5,800	**$ 11,600**
Transportation Facilities Bonds, Series 1973	55,500	—	8,500	**47,000**
Public Facilities Bonds, Series 1978	111,775	—	6,575	**105,200**
Total Amount to be Provided for Retirement of Long-term Debt	184,675	—	20,875	**163,800**
General Obligation Debt Payable	$184,675	$ —	$ 20,875	**$163,800**

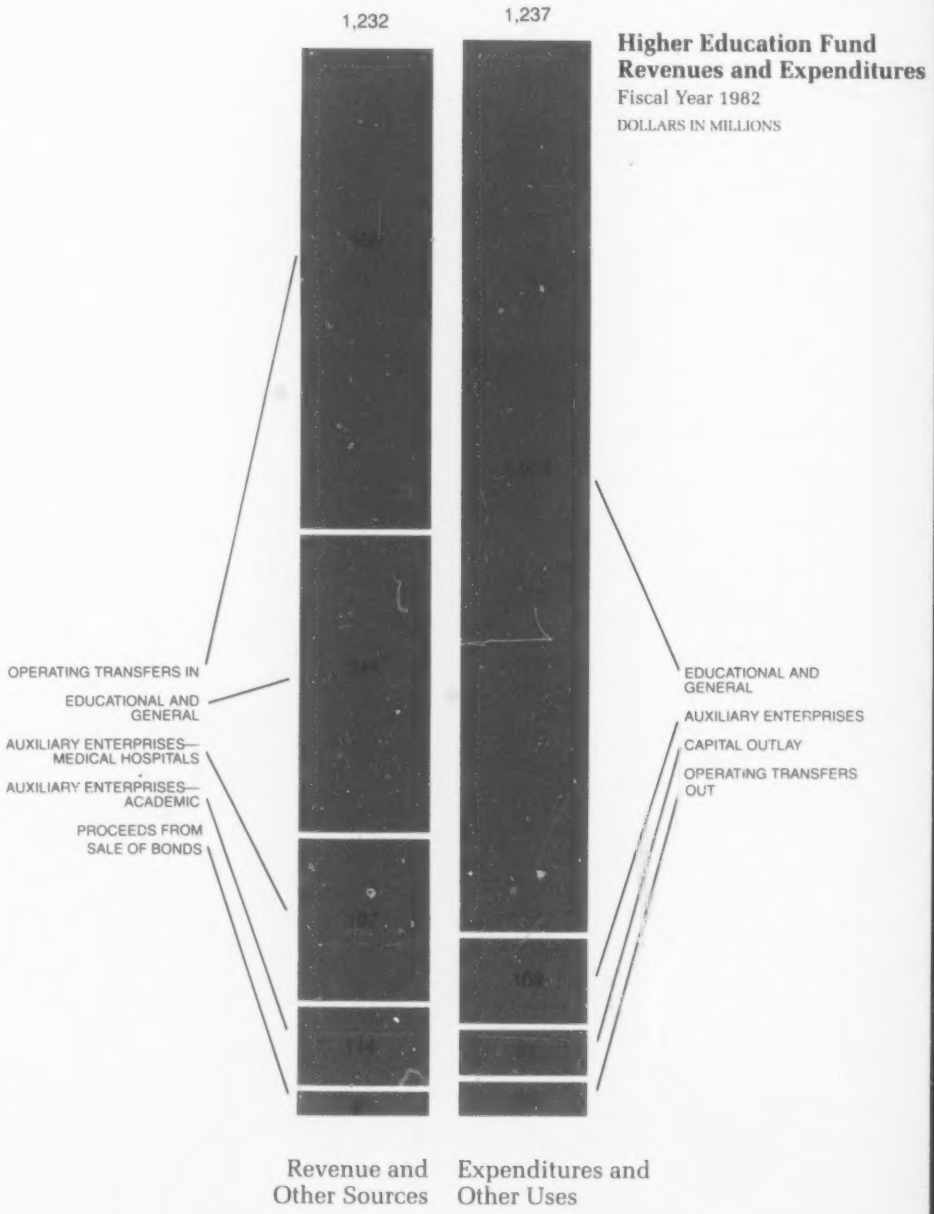
Higher Education Fund

The Higher Education Fund is maintained to account for the resources received and used in the operation of the Commonwealth's institutions of higher education and the medical teaching hospitals administered by the governing boards of these institutions. Virginia has 15 four-year State colleges and universities, one two-year college, and two medical teaching hospitals. In addition, the Commonwealth has a community college system that is comprised of 23 two-year colleges.

Analysis

During the fiscal year 1982, two Higher Educational Institution Bonds, Series 1981 and Series 1982, were issued. The total amount of the issue was $17,752,000, with $205,000 of the principal retired during the year. In addition, $3,450,000 of the principal on four other Higher Educational Institution Bonds was retired.

In 1982, as in 1981, expenditures and other uses exceeded revenues and other sources. Revenues and other sources increased by 8.3% in 1982 over the prior year, while expenditures and other uses increased 7.6% during the same period. In both of these years, however, reimbursement for federal grants, capital outlay projects, and other projects was not received until after June 30, which is why expenditures and other uses exceeded revenues and other sources.



Higher Education Fund Revenues and Expenditures
Fiscal Year 1982
DOLLARS IN MILLIONS

Balance Sheet
Higher Education Fund

June 30, 1982, and 1981 (Dollars in Thousands)

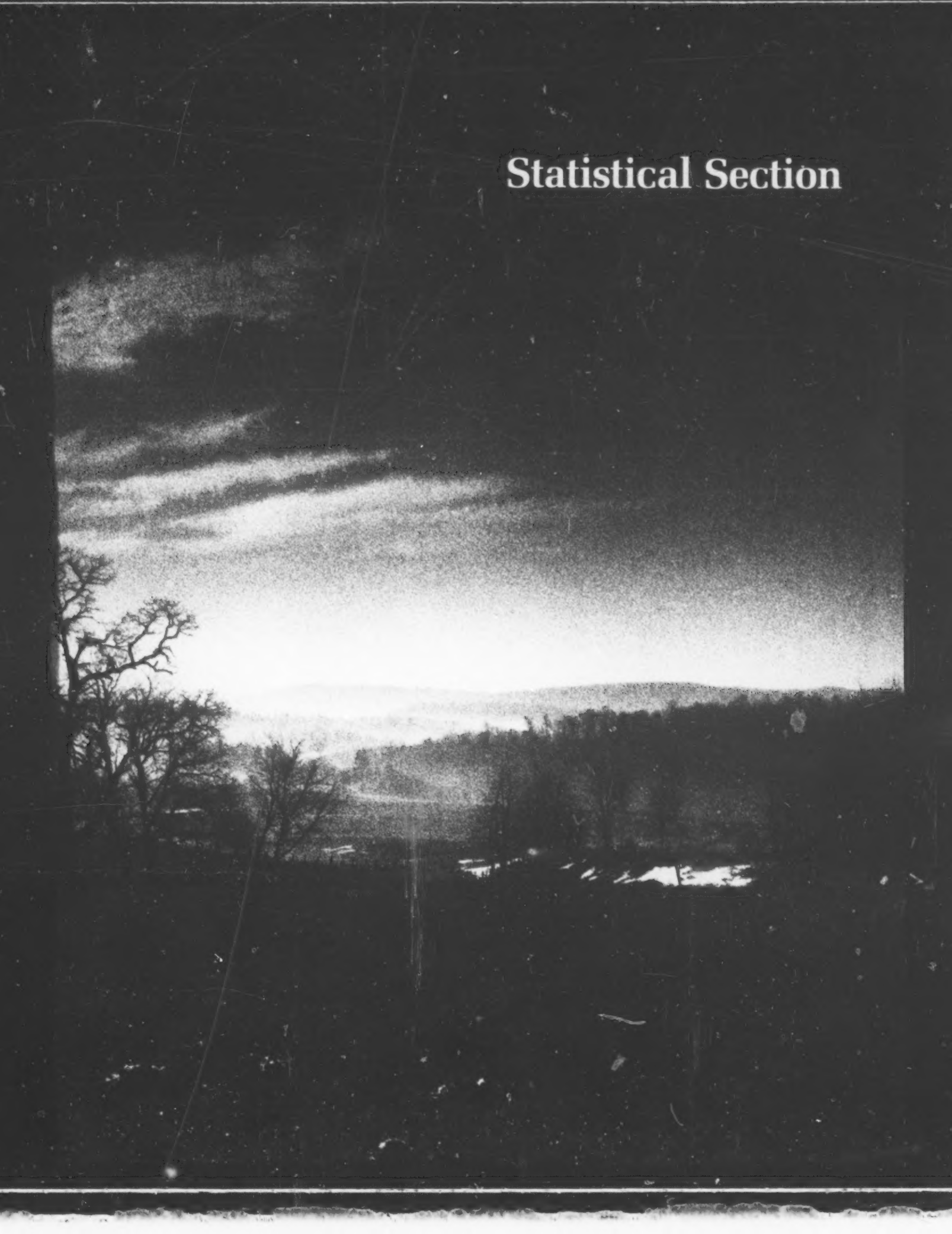
	June 30, 1982	June 30, 1981
Assets		
Cash and Short-term Investments	$ 84,673	$ 78,044
Cash with Departments and Institutions	232	210
Loans and Accounts Receivable (Net)	121,276	—
Amount to be Provided for the Retirement of Long-term Debt	75,917	61,820
Total Assets	$282,098	$140,074
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	$ 26,345	$ —
Accrued Interest Payable	4,980	—
Deposits	20	98
Other Liabilities	80	—
Due to Other Funds	67,658	58,049
Deferred Revenue	17,606	15,118
Higher Education Bonds Payable	75,917	61,820
Total	192,606	135,085
Net Accrual Adjustments	89,951	—
Total Liabilities	282,557	135,085
Fund Equity:		
Unreserved Fund Balance	(459)	4,989
Total Liabilities and Fund Equity	$282,098	$140,074

Statement of Revenues, Expenditures, and Changes in Fund Balance Higher Education Fund

For the Fiscal Years Ended June 30, 1982, and 1981 (Dollars in Thousands)

	Year Ended June 30, 1982	Year Ended June 30, 1981
Revenues:		
Educational and General:		
Student Tuition and Fees	$ 167,336	$ 145,237
Governmental Grants and Contracts—Federal	119,240	123,258
Governmental Grants and Contracts—State Agencies	11,628	14,553
Governmental Grants and Contracts—Local	3,505	2,925
Gifts and Private Grants	21,524	16,352
Endowment Income	222	188
Sales and Services of Educational Departments	2,509	2,583
Indirect Costs Recovered	10,295	9,541
Other Sources	7,132	5,380
Total Educational and General	343,391	320,017
Auxiliary Enterprises—Academic	114,304	100,653
Auxiliary Enterprises—Medical Hospitals:		
Patient Revenue—Per Diem Revenue	116,956	122,747
Patient Revenue—Other Fees	77,096	49,476
Other Medical Hospital Auxiliary Enterprises	2,947	2,764
Total Revenues	654,694	595,657
Expenditures:		
Educational and General:		
Instruction	354,753	324,205
Student Aid	128,249	127,601
Physical Health Services	137,956	118,801
Institutional Support Services	87,519	77,059
Academic Support	85,075	75,920
Operation and Maintenance of Plant	77,518	72,137
Administrative and Support Services	58,279	46,640
Student Services	36,849	33,990
Public Services	26,193	24,543
Research	17,895	16,295
Other Expenditures	171	811
Total Educational and General	1,010,457	918,002
Capital Outlay	91,181	99,611
Auxiliary Enterprises	108,799	94,571
Total Expenditures	1,210,437	1,112,184
Revenues Under Expenditures	(555,743)	(516,527)
Other Financing Sources (Uses):		
Proceeds from Sale of Bonds	21,184	24,408
Operating Transfers In	556,088	514,670
Operating Transfers Out	(26,977)	(35,137)
Total Other Financing Sources (Uses)	550,295	503,941
Revenues and Other Sources Under Expenditures and Other Uses	(5,448)	(12,586)
Fund Balance, July 1 (as adjusted)	4,989	17,575
Fund Balance, June 30	$ (459)	$ 4,989

Statistical Section



Schedule of Revenues Collected
All Funds by Source

(Dollars in Millions)

	Fiscal Year Ended June 30,			
	1982	1981	1980	1979
Tax Revenues (Cash Basis):				
Individual and Fiduciary Income	**$1,446.1**	$1,288.8	$1,103.0	$ 966.6
Sales and Use	**670.5**	645.2	594.9	534.7
Motor Fuels	**314.6**	311.4	279.9	292.1
Corporation Income	**177.0**	182.3	193.8	196.2
Public Service Corporations	**105.6**	104.1	105.3	96.4
Payroll—Unemployment Compensation	**172.9**	141.7	107.8	95.2
Motor Vehicle Sales and Use	**73.3**	67.7	64.3	72.3
Gross Premiums of Insurance Companies	**84.4**	80.1	76.5	73.3
Alcoholic Beverage—Sales Tax	**45.5**	42.6	39.7	36.7
Deeds, Contracts, Wills, and Suits	**29.0**	31.8	30.6	32.9
Beer and Beverage Excise	**33.1**	32.8	31.5	31.3
Estate	**21.4**	19.5	26.5	25.3
Tobacco Products	**17.8**	17.9	17.3	17.5
Capital Not Otherwise Taxed	**15.1**	13.4	13.1	10.9
Bank Stock	**2.6**	1.8	2.0	2.8
Wine and Spirits/ABC Liter	**3.0**	3.7	3.7	3.8
Gifts—Resident and Nonresident	**.4**	.3	.8	1.0
Other Taxes	**26.6**	21.4	15.7	19.0
Total Tax Revenues	**3,238.9**	3,006.5	2,706.4	2,508.6
Other Revenues (Cash Basis):				
Federal and Other Grants, Donations, and Federal Revenue Sharing	**1,244.0**	1,443.5	1,326.8	1,167.7
Institutional Revenue	**669.7**	589.0	511.9	438.2
Sales of Property and Commodities	**258.0**	247.2	235.0	217.8
Rights and Privileges	**201.3**	199.4	178.3	182.3
Interest, Dividends, and Rents	**117.5**	97.0	91.8	70.1
Fines, Forfeitures, Costs, Penalties, and Escheats	**37.6**	33.7	26.1	29.9
Assessments—Special Services	**17.6**	12.0	11.7	9.5
Other Revenues	**134.5**	173.5	125.9	156.3
Total Other Revenues	**2,680.2**	2,795.3	2,507.5	2,271.8
Total Revenues (Cash Basis)	**$5,919.1**	$5,801.8	$5,213.9	$4,779.8

Schedule of Expenditures
All Funds by Function and Budgetary Classification

(Dollars in Millions)

	Fiscal Year Ended June 30,			
	1982	1981	1980	1979
Expenditures by Function (Cash Basis):				
Education	**$2,048.9**	$1,916.3	$1,722.0	$1,602.5
Undesignated	**.5**	—	—	.1
Administration of Justice	**429.7**	338.9	266.9	234.7
Individual and Family Services	**1,991.6**	1,853.0	1,594.4	1,372.8
Resource and Economic Development	**156.0**	144.5	125.9	114.1
Transportation	**732.0**	924.1	936.5	936.0
General Government	**283.0**	289.6	217.2	173.1
Enterprises	**306.0**	284.5	254.9	240.8
Capital Projects	**147.7**	157.9	146.3	108.9
Total Expenditures (Cash Basis)	**$6,095.4**	$5,908.8	$5,264.1	$4,783.0
Expenditures by Budgetary Classification (Cash Basis):				
Personal Services	**$1,677.5**	$1,513.0	$1,360.2	$1,261.3
Medical and Other Contractual Services	**1,060.9**	930.0	830.2	735.7
Supplies and Materials	**527.9**	522.6	473.6	419.8
Grants and Distributions to Localities	**1,922.7**	1,916.5	1,557.5	1,401.4
Equipment	**74.3**	78.1	79.4	76.9
Debt Service	**54.9**	51.7	45.4	39.7
Rent, Insurance, and Other Related Charges	**111.5**	108.4	102.3	97.2
Employee Benefits	**233.7**	214.7	263.1	253.5
Recoveries	**(163.8)**	(142.5)	(135.7)	(114.8)
Land, Equipment, and Other Fixed Assets	**374.1**	529.7	563.9	511.4
Trust Fund Expenditures	**214.4**	182.0	122.0	94.9
Other	**7.3**	4.6	2.2	6.0
Total Expenditures (Cash Basis)	**$6,095.4**	$5,908.8	$5,264.1	$4,783.0

Schedule of Major Assistance To/On Behalf of Localities

For the Fiscal Year Ended June 30, 1982 (Dollars in Thousands)

School and Other Educational Assistance	$ 316,097
School Aid from State Sales and Use Tax	222,227
Assistance for Recipients of Aid from State Board of Welfare	362,678
Financial Assistance for Individual, Family, and Community Health Services	90,445
Assistance for Mass Transit, City Street Maintenance, and Arlington and Henrico Counties' Road Work	583,903
Assistance for Crime Detection, Investigation, Legal Advice, and Tax Valuation	96,057
Assistance for Mental Health and Mental Retardation Services	53,893
Assistance for Maintenance, Construction, Operation, and Confinement in/for Local Jail Facilities	33,623
Assistance from Operations of the Department of Alcoholic Beverage Control:	
Share of Alcoholic Beverage Control Net Profits	18,922
Share of Tax on Wine	3,034
Assistance Tax Valuation and Aid for Local Airports	5,919
Assistance for Water Quality Management, Planning, and Technical Aid	9,244
Assistance for Administration of Justice	4,385
Assistance for Planning Districts; Social Service Research and Planning; Economic Development Research; Planning and Coordination	4,975
Leisure and Recreation Services	5,557
Assistance for Individuals and Families from Office on Aging	14,162
Assistance for Promotion of Transportation Safety	5,042
Assistance for Public Libraries	7,803
Assistance from Tax on Mobile Homes and for the Disposal of Abandoned Motor Vehicles	3,121
Assistance for Registrar Compensation and Electoral Board Compensation and Expenses	1,895
Financial Assistance to Localities—General	46,790
Total	$ 1,889,772

Computation of Legal Debt Limit and Margin

June 30, 1982

	Fiscal Year Ended June 30,		
	1982	1981	1980
Computation of Legal Debt Limit			
Taxes on Income and Retail Sales:			
Individual and Fiduciary Income Tax	$ 1,446,132,415	$ 1,288,762,975	$ 1,102,978,714
Corporate Income Tax	176,965,682	182,301,322	193,847,298
State Sales and Use Tax	670,971,980	645,203,501	595,030,461
Total	$ 2,294,070,077	$ 2,116,267,798	$ 1,891,856,473
Average for the three fiscal years			$ 2,100,731,449
Debt Limit (1.15 times this average)			$ 2,415,841,166

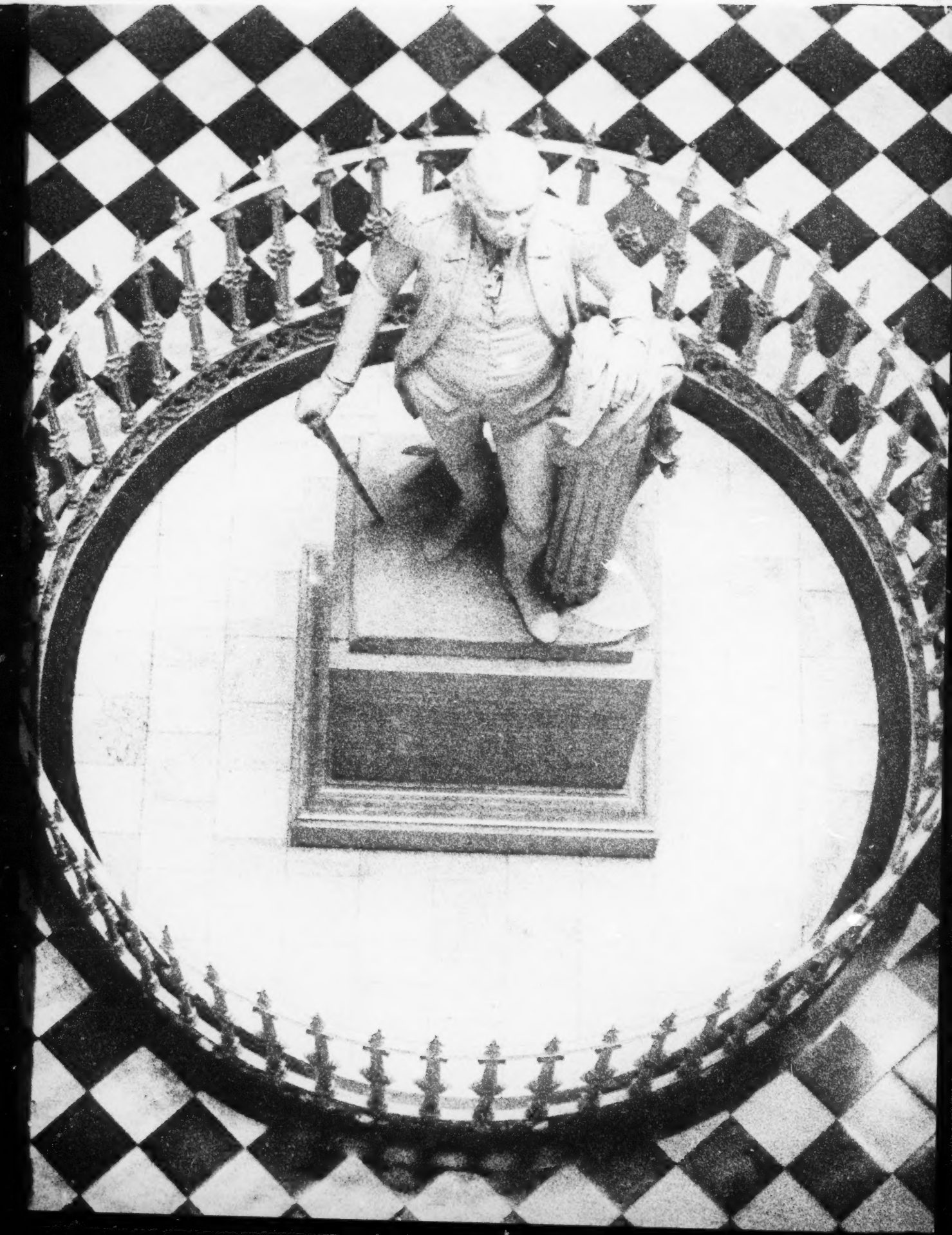
State General Obligation Debt for Capital Projects		
Debt Limit		$ 2,415,841,166
Bonds Outstanding:		
Higher Educational Institutions Bonds—Series 1969	$ 9,600,000	
Mental Hospitals and Institutions Bonds—Series 1969	2,000,000	
Public Facilities Bonds—Series 1978	105,200,000	116,800,000
Debt Margin (Remaining Borrowing Limit Subject to Additional Borrowing Restriction Below)		$ 2,299,041,166
Additional Borrowing Restriction:		
Special Authorization Limit—25% of $2,415,841,166		603,960,292
State bonds approved by the people or authorized by the General Assembly during the fiscal years ended June 30, 1979-82, inclusive		—
Total Special Authorization Limit (Amount that could be Authorized by the General Assembly in the 1982-1983 Session):		$ 603,960,292

State Debt for Certain Revenue-Producing Capital Projects		
Debt Limit		$ 2,415,841,166
Bonds Outstanding:		
Higher Educational Institutions Bonds—Series 1971	$ 15,500,000	
Higher Educational Institutions Bonds—Series 1973	13,260,000	
Transportation Facilities Bonds—Series 1973	47,000,000	
Higher Educational Institutions Bonds—Series 1976	15,710,000	
Higher Educational Institutions Bonds—Series 1979	13,900,000	
Higher Educational Institutions Bonds—Series 1981	4,827,000	
Higher Educational Institutions Bonds—Series 1982	12,720,000	122,917,000
Debt Margin (Remaining Borrowing Limit)		$ 2,292,924,166

Ratio of Annual Debt Service Expenditures for General Long-Term Debt To Total Expenditures All Governmental Fund Types

(Dollars in Thousands)

Fiscal Year Ended June 30,	Total Debt Service Expenditures	Total Expenditures	Ratio of Debt Service To Total Expenditures (Percent)
1982	$36,689	$4,305,510	.85%
1981	36,854	4,228,198	.87
1980	31,450	4,357,165	.72
1979	25,937	4,007,163	.65



VIRGINIA
SIC SEMPER TYRANNIS